

*In the opinion of Bond Counsel, based on existing law and assuming compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), as described herein, interest on the Series 2015 Bonds is excludable from the gross income of the owners of the Series 2015 Bonds for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. Interest on the Series 2015 Bonds may, however, be included in the calculation of certain taxes, including the alternative minimum tax on corporations, as described under “TAX MATTERS” herein. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the principal amount of the Series 2015 Bonds, the interest payable thereon, their transfer, and any income derived therefrom, including any profit realized on their sale or exchange, shall be exempt from taxation by the State of Maryland or by any of its political subdivisions, municipal corporations, or public agencies but shall be included in computing the net earnings of financial institutions as required by the law of the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Series 2015 Bonds or the interest thereon. See “TAX MATTERS” herein.*



**\$20,195,000**  
**MAYOR AND CITY COUNCIL OF BALTIMORE**  
 (City of Baltimore, Maryland)  
**CONSOLIDATED SPECIAL OBLIGATION REFUNDING BONDS**  
**(TAX INCREMENT FINANCING PROJECTS)**  
**SERIES 2015**

**Dated: Date of Issue**

The above-captioned bonds (the “Series 2015 Bonds”) are special obligations of the Mayor and City Council of Baltimore (the “City”) payable solely from and secured by a pledge of certain Pledged Revenues (defined herein), subject to appropriation, and certain other funds and accounts pursuant to the provisions of an Indenture of Trust, dated as of June 1, 2015 (the “Indenture”), by and between the City and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). The Series 2015 Bonds are being issued to provide funds, together with other available funds, to (i) refund all of the City’s outstanding Special Obligation Bonds (Harborview Lot #2 Project) Series 2003, Special Obligation Bonds (Strathdale Manor Project) Series 2004, Special Obligation Bonds (Clipper Mill Project) Series 2004, and Special Obligation Bonds (North Locust Point Project) Series 2005 (collectively, the “Prior Bonds”), (ii) make initial deposits to certain accounts within the Reserve Fund (defined herein); and (iii) pay certain costs relating to the issuance of the Series 2015 Bonds and certain other administrative, legal, financing and other costs, in each case as more fully described herein. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Prior Bonds were issued to finance certain Projects (defined herein) related to the applicable development district and special tax district as more fully described herein. The Series 2015 Bonds will be issued in the principal amounts, will mature on the dates, will bear interest at the rates, and will be offered at the prices set forth on the inside front cover. **The Series 2015 Bonds are subject to optional redemption, mandatory sinking fund redemption, and extraordinary optional redemption as described herein.**

Interest on the Series 2015 Bonds is payable on June 15 and December 15 of each year, commencing December 15, 2015. The Series 2015 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Beneficial owners of the Series 2015 Bonds will not receive physical certificates representing their interest in the Series 2015 Bonds purchased, but will receive a credit balance on the books of the nominees of such beneficial owners. The Series 2015 Bonds will be issued in authorized denominations of \$5,000 or any integral multiples thereof (the “Authorized Denominations”). Payments of principal of and interest on the Series 2015 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, who will remit such payment to the beneficial owners of the Series 2015 Bonds. See “THE SERIES 2015 BONDS – Book-Entry System” herein.

PROSPECTIVE PURCHASERS SHOULD READ AND CONSIDER THE INFORMATION SET FORTH IN “RISK FACTORS” IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE SERIES 2015 BONDS.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OF MARYLAND (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS, EXCEPT FOR THE PLEDGED REVENUES, IF, AS AND WHEN APPROPRIATED, IF ANY, PROVIDED THAT THE PLEDGE OF SUCH PLEDGED REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. NO OTHER ASSESSMENTS OR TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS EXCEPT FOR THE PLEDGED REVENUES. THE SERIES 2015 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED BY THE CITY IN THE DEBT SERVICE FUND (DEFINED HEREIN) AND THE RESERVE FUND (DEFINED HEREIN), AND THE ACCOUNTS THEREIN, THE TAX INCREMENT FUNDS (DEFINED HEREIN) FOLLOWING APPROPRIATION, THE SPECIAL TAX FUNDS (DEFINED HEREIN) FOLLOWING APPROPRIATION, AND THE EXCESS TAX INCREMENT REVENUE ACCOUNT (DEFINED HEREIN) FOLLOWING APPROPRIATION, AS MORE FULLY DESCRIBED HEREIN.**

THE SERIES 2015 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAW, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS CONTAINED IN SUCH ACTS.

The Series 2015 Bonds are offered for delivery when, as and if issued by the City and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of an opinion of McGuireWoods LLP, Baltimore, Maryland, Bond Counsel, as to the validity of the Series 2015 Bonds and the excludability from gross income of interest thereon for federal income tax purposes. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr LLP, Washington, D.C. It is expected that the Series 2015 Bonds will be available for delivery on or about June 11, 2015.

This cover page contains information for quick reference only. It is not a summary of the Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

STIFEL

**\$20,195,000**  
**MAYOR AND CITY COUNCIL OF BALTIMORE**  
**(City of Baltimore, Maryland)**  
**CONSOLIDATED SPECIAL OBLIGATION REFUNDING BONDS**  
**(TAX INCREMENT FINANCING PROJECTS)**  
**SERIES 2015**

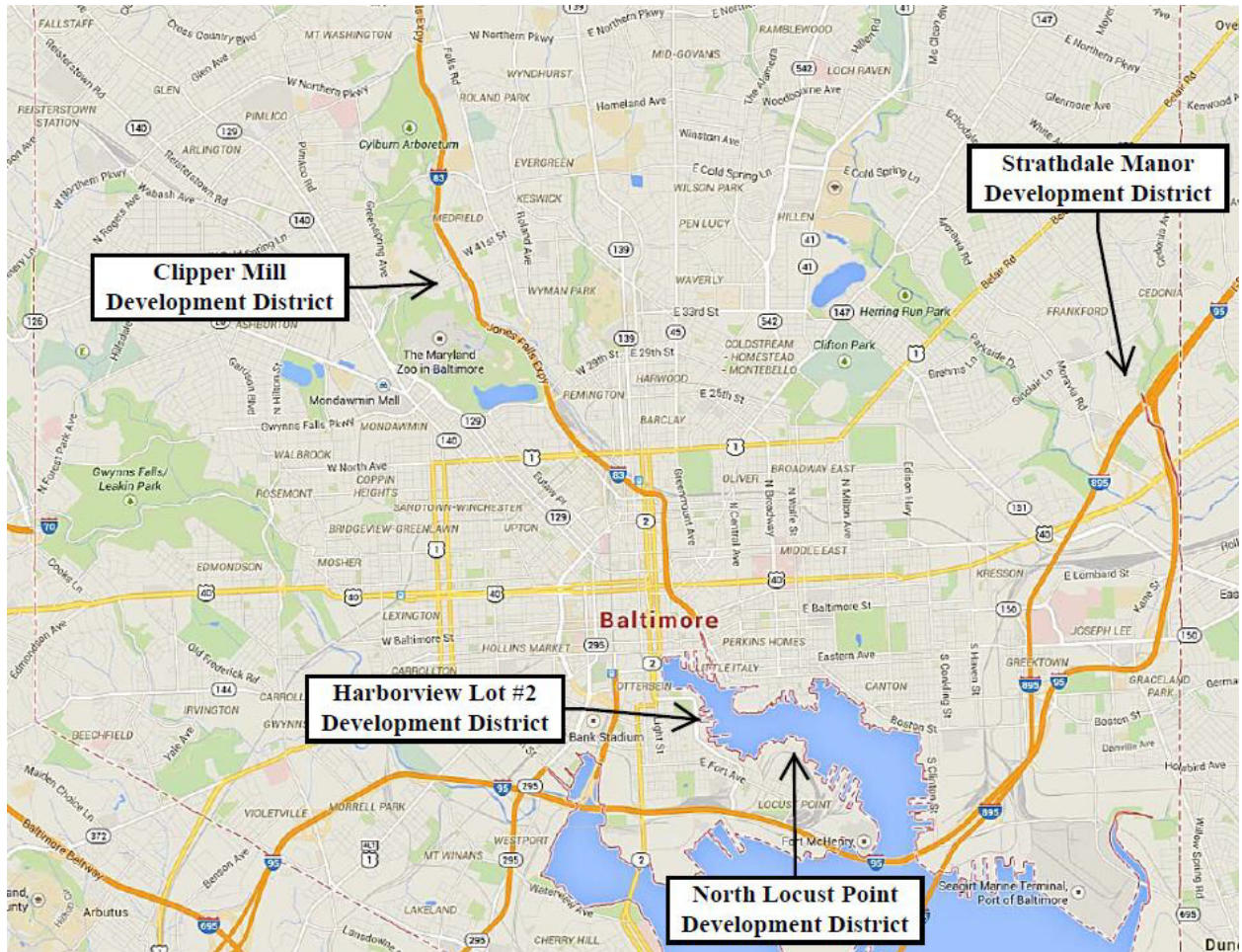
<u>Amount</u>	<u>Due June 15</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>†</sup></u>
\$ 725,000	2016	2.000%	101.104%	05923T AH2
775,000	2017	4.000	105.158	05923T AJ8
830,000	2018	4.000	106.208	05923T AK5
880,000	2019	5.000	110.896	05923T AL3
945,000	2020	5.000	112.156	05923T AM1
1,020,000	2021	5.000	112.623	05923T AN9
1,090,000	2022	5.000	112.830	05923T AP4
1,175,000	2023	5.000	113.386	05923T AQ2
1,260,000	2024	5.000	113.324	05923T AR0
1,345,000	2025	5.000	112.742*	05923T AS8
1,435,000	2026	5.000	111.670*	05923T AT6
1,540,000	2027	5.000	110.692*	05923T AU3
1,640,000	2028	5.000	109.803*	05923T AV1
1,740,000	2029	5.000	109.163*	05923T AW9
1,860,000	2030	5.000	108.527*	05923T AX7

**\$1,935,000 5.000% Term Bonds due June 15, 2033 – Price 107.503%\* - CUSIP<sup>†</sup> 05923T AY5**

\* Priced to the first optional redemption date.

† CUSIP (Committee on Uniform Securities Identification Procedures) data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association (“ABA”) by S&P Capital IQ. “CUSIP” is a registered trademark of the ABA. CUSIP numbers are included solely for the convenience of the purchasers of the Series 2015 Bonds. Neither the City nor the Underwriter takes any responsibility for the accuracy of CUSIP information, and the CUSIP number for a specific maturity is subject to change after the issuance of the Series 2015 Bonds in certain circumstances. The City has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth herein. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for the CUSIP services.

## AREA MAP





*STRATHDALE DEVELOPMENT*



*HARBORVIEW DEVELOPMENT*



*CLIPPER MILL DEVELOPMENT*



*NORTH LOCUST POINT  
DEVELOPMENT*



No dealer, broker, salesman or other person has been authorized by the City or by the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2015 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by sources that are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein speak only as of the date hereof and are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information contained herein since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under, the United States federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Districts since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

The Series 2015 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2015 Bonds under the securities laws of any jurisdictions in which they may have been registered or qualified, if any, shall not be regarded as a recommendation thereof.

The City has either provided or reviewed the information under the headings “INTRODUCTION – Enabling Acts; Creation of Districts” and “– Use of Proceeds”; “THE CITY”; “ESTIMATED SOURCES AND USES OF FUNDS”; “SECURITY FOR THE SERIES 2015 BONDS – Subject to Appropriation,” “– Assessment Procedures; Tax Credits,” and “– Property Tax Collection Procedures”; “NO LITIGATION”; “CONTINUING DISCLOSURE”; and “APPENDIX C – Certain Information Regarding the City.” The City has not passed upon the accuracy or completeness of the remaining sections of this Official Statement. Furthermore, none of the City or any of its agencies has passed upon the merits of the Series 2015 Bonds. This Official Statement does not contain any investment advice for purchasers or Holders of any of the Series 2015 Bonds. In making an investment decision, investors must rely on their own examination of the City and terms of the offering, including the merits and the risks involved. Such persons should also consult their own financial advisors regarding possible financial consequences of ownership of the Series 2015 Bonds. The Trustee has neither participated in the preparation of, nor reviewed, this Official Statement.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS.

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## OFFICIAL STATEMENT

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\$20,195,000  
MAYOR AND CITY COUNCIL OF BALTIMORE  
(City of Baltimore, Maryland)  
CONSOLIDATED SPECIAL OBLIGATION REFUNDING BONDS  
(TAX INCREMENT FINANCING PROJECTS)  
SERIES 2015

### INTRODUCTION

#### General

This Official Statement, including the cover page and Appendices hereto, is provided to furnish information in connection with the issuance and sale of \$20,195,000 aggregate principal amount of Mayor and City Council of Baltimore, Consolidated Special Obligation Refunding Bonds (Tax Increment Financing Projects) Series 2015 (the “Series 2015 Bonds”). The Series 2015 Bonds will be issued pursuant to the provisions of Article II, Section (62) of the Baltimore City Charter (1996 Edition) (as amended, the “Tax Increment Act”) and Article II, Section (62A) of the Baltimore City Charter (1996 Edition) (as amended, the “Special Taxing District Act,” and together with the Tax Increment Act, the “Enabling Acts”), a Resolution of the City’s Board of Finance dated March 23, 2015 (the “Series 2015 Resolution”), and an Indenture of Trust by and between the Mayor and City Council of Baltimore (the “City”) and Manufacturers and Traders Trust Company, a banking corporation duly organized and existing under the laws of the State of New York, as trustee (the “Trustee”), dated as of June 1, 2015 (the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings as set forth in “APPENDIX D – Proposed Form of Indenture of Trust,” except that under the heading “THE PLEDGED REVENUES – Special Tax Methodologies,” capitalized terms not otherwise defined shall have the meanings as set forth in applicable Rate and Method (defined herein) set forth in the applicable portion of “APPENDIX A - Special Tax Methodologies.”

The Series 2015 Bonds will be issued as fully registered bonds in book-entry form in denominations of \$5,000 or any integral multiples thereof (the “Authorized Denominations”). See “THE SERIES 2015 BONDS – Authorized Denominations” herein.

The Series 2015 Bonds are special obligations of the City, payable, as further described herein, solely from the Tax Increment Revenues, the Special Tax Revenues, and Excess Tax Increment Revenues (defined herein) (collectively, the “Pledged Revenues”) and certain other assets and revenues pledged by the City under the Ordinances and the Indenture, including certain other funds held by the Trustee thereunder; *provided that* the Pledged Revenues are not irrevocably pledged to the payment of the principal of and interest on the Series 2015 Bonds, and the obligation to pay the principal of and interest on the Series 2015 Bonds from the Pledged Revenues is subject to annual appropriation by the City.

#### Use of Proceeds

The Series 2015 Bonds are being issued to provide funds, together with other available funds, to: (i) refund all of the City’s outstanding Special Obligation Bonds (Harborview Lot #2 Project) Series 2003 (the “Harborview Prior Bonds”), Special Obligation Bonds (Strathdale Manor Project) Series 2004 (the “Strathdale Prior Bonds”), Special Obligation Bonds (Clipper Mill Project) Series 2004 (the “Clipper Mill Prior Bonds”), and Special Obligation Bonds (North Locust Point Project) Series 2005 (the “North Locust Point Prior Bonds” and together with the Harborview Prior Bonds, the Strathdale Prior Bonds, and the Clipper Mill Prior Bonds, the “Prior Bonds”), (ii) make initial deposits to certain accounts within the Reserve Fund; and (iii) pay certain costs relating to the issuance of the Series 2015 Bonds and certain other administrative, legal, financing and other costs. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

## Enabling Acts; Creation of Districts

The Tax Increment Act provides for the creation of development districts by ordinance of the City Council of Baltimore (the “City Council”) for the purpose of financing the development of an industrial, commercial or residential area. Upon approval of a development district and the passing of an authorizing ordinance, the City may issue special obligation bonds for infrastructure or other improvements related to the development district and may create a special tax increment fund into which it shall deposit all property taxes that would normally be paid to the City and that are derived from increases in the taxable assessed value of the property from the first day of the year preceding the year in which the development district is created. The payment of principal of and interest on such bonds shall be secured by a pledge of the funds in the special tax increment fund after such funds have been appropriated by the City on an annual basis. The property tax revenues derived from such increase in the taxable assessed value of property is a portion of the general *ad valorem* tax levied on that property by the City.

The Special Taxing District Act provides a method of financing certain infrastructure and other costs and certain public improvements through the creation of special taxing districts. The Special Taxing District Act provides for the creation of such special taxing districts by the City upon petition by the owners of at least two-thirds of the assessed valuation of the real property located within a special taxing district and at least two-thirds of the owners of the real property located within such special taxing district. Upon approval of the creation of the special taxing district, the City may issue special obligation bonds for infrastructure improvements located within the special taxing district and may levy and collect a special tax within such district to pay the debt service and administrative expenses in connection with such bonds. The special taxes levied shall be collected and secured in the same manner as general *ad valorem* taxes of the City and shall 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 of the City. Special taxes so levied and collected by the City are deposited in a special fund held by the City to be used, subject to annual appropriation, to pay debt service on the bonds issued to pay for the infrastructure improvements.

Pursuant to the Tax Increment Act, (i) Ordinance 02-336, which was passed by the City Council on May 6, 2002, approved by the Mayor of the City on May 16, 2002, and effective on May 16, 2002, established the Harborview Lot #2 Development District (the “Harborview Development District”); (ii) Ordinance 03-540, which was passed by the City Council on May 19, 2003, approved by the Mayor of the City on May 21, 2003, and effective on May 21, 2003, established the Strathdale Manor Development District (the “Strathdale Development District”); and (iii) Ordinance 03-633, which was passed by the City Council on November 24, 2003, approved by the Mayor of the City on December 2, 2003, and effective on December 2, 2003, established the Clipper Mill Development District (the “Clipper Mill Development District”).

Pursuant to the Tax Increment Act, Ordinance 03-642, which was passed by the City Council on December 8, 2003, approved by the Mayor of the City on December 22, 2003, and effective on December 22, 2003, established the original North Locust Point Development District (the “North Locust Point 2003 Development District”). Subsequent to the issuance of the North Locust Point Prior Bonds, (i) Ordinance No. 11-553, which was passed by the City Council on November 21, 2011, approved by the Mayor of the City on November 22, 2011, and effective on November 22, 2011, added two taxable parcels (the “2011 Additional Properties”) to the North Locust Point 2003 Development District and (ii) Ordinance No. 12-68, which was passed by the City Council on November 19, 2012, approved by the Mayor of the City on November 26, 2012, and effective on November 26, 2012, added certain non-taxable parcels, including streets, sidewalks, right-of-ways, and a park (the “2012 Additional Properties”) to the North Locust Point 2003 Development District. The North Locust Point 2003 Development District, the 2011 Additional Properties, and the 2012 Additional Properties are sometimes collectively referred to herein as the “North Locust Point Development District.”

Pursuant to the Special Taxing District Act, (i) Ordinance 02-337, which was passed by the City Council on May 6, 2002, approved by the Mayor of the City on May 16, 2002, and effective on May 16, 2002, established the Harborview Lot #2 Special Taxing District (the “Harborview Special Taxing District,” and together with the Harborview Development District, the “Harborview Districts”); (ii) Ordinance 03-541, which was passed by the City Council on May 19, 2003, approved by the Mayor of the City on May 21, 2003, and effective on May 21, 2003, established the Strathdale Manor Special Taxing District (the “Strathdale Special Taxing District,” and together with the Strathdale Development District, the “Strathdale Districts”); (iii) Ordinance 03-631, which was passed by the City Council on November 24, 2003, approved by the Mayor of the City on December 2, 2003, and effective on



December 2, 2003, established the Clipper Mill Special Taxing District (the “Clipper Mill Special Taxing District,” and together with the Clipper Mill Development District, the “Clipper Mill Districts”), and (iv) Ordinance 04-850, which was passed by the City Council on November 22, 2004, and approved by the Mayor and effective on November 29, 2004, established the North Locust Point Special Taxing District (the “North Locust Point Special Taxing District,” and together with the North Locust Point Development District, the “North Locust Point Districts”). The City recorded among the land records of Baltimore City, Maryland, a Notice of Special Tax with respect to each of the Harborview Special Taxing District, the Strathdale Special Taxing District, the Clipper Mill Special Taxing District, and the North Locust Point Special Taxing District.

The Harborview Development District and the Harborview Special Taxing District have the same geographic boundaries. The Strathdale Development District and the Strathdale Special Taxing District have the same geographic boundaries. The Clipper Mill Development District and the Clipper Mill Special Taxing District have the same geographic boundaries. The North Locust Point 2003 Development District and the North Locust Point Special Taxing District have the same geographic boundaries; however, after the addition of the 2011 Additional Properties and the 2012 Additional Properties, the North Locust Point Development District contains properties that are not included in the North Locust Point Special Taxing District.

The Harborview Development District, the Strathdale Development District, the Clipper Mill Development District, and the North Locust Point Development District are sometimes collectively referred to herein as the “Development Districts.” The Harborview Special Taxing District, the Strathdale Special Taxing District, the Clipper Mill Special Taxing District, and the North Locust Point Special Taxing District are sometimes collectively referred to herein as the “Special Taxing Districts.”

For more information on each of the Development Districts and Special Taxing Districts, see “OVERVIEW OF THE DISTRICTS” herein.

### **Security for the Series 2015 Bonds**

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OF MARYLAND (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS, EXCEPT FOR THE PLEDGED REVENUES, IF, AS AND WHEN APPROPRIATED, IF ANY, AND PROVIDED THAT THE PLEDGE OF SUCH PLEDGED REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. NO OTHER ASSESSMENTS OR TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS EXCEPT FOR THE PLEDGED REVENUES. THE SERIES 2015 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE DEBT SERVICE FUND AND THE RESERVE FUND, AND THE ACCOUNTS THEREIN, THE TAX INCREMENT FUNDS FOLLOWING APPROPRIATION, THE SPECIAL TAX FUNDS FOLLOWING APPROPRIATION, AND THE EXCESS TAX INCREMENT REVENUE ACCOUNT FOLLOWING APPROPRIATION, IN EACH CASE AS MORE FULLY DESCRIBED HEREIN.

**The Enabling Acts provide that the City’s obligations to pay the principal of and interest on bonds issued pursuant to the Enabling Acts, including the payment of Debt Service on the Series 2015 Bonds, are subject and dependent on the City’s annual appropriation of the revenues and receipts from the applicable taxes pledged for such purposes. The City is not legally obligated to make such appropriations.** The Director of Finance has covenanted, pursuant to the Indenture and to the extent permitted by applicable law, to do all things within his or her power annually to request an appropriation to pay Debt Service in the applicable Fiscal Year. See “SECURITY FOR THE SERIES 2015 BONDS – Subject to Appropriation” herein.

***Pledged Revenues.*** The Debt Service on the Series 2015 Bonds will be secured by a pledge of and payable from certain Tax Increment Revenues, Special Tax Revenues, and reserves, which constitute the Harborview Security (defined herein), which is pledged to \$5,830,000 of the Series 2015 Bonds; the Strathdale Security (defined herein), which is pledged to \$5,230,000 of the Series 2015 Bonds; the Clipper Mill Security (defined herein), which is pledged to \$6,820,000 of the Series 2015 Bonds; the North Locust Point Security (defined herein), which is pledged to \$2,315,000 of the Series 2015 Bonds, and also Excess Tax Increment Revenues, which are pledged to all of the Series 2015 Bonds. For the definitions of the terms Harborview Security, Strathdale Security, Clipper Mill

Security, and North Locust Point Security, see “SECURITY FOR THE SERIES 2015 BONDS – General.” See generally “ANNUAL DEBT SERVICE,” “SECURITY FOR THE SERIES 2015 BONDS” and “THE PLEDGED REVENUES” herein.

Tax Increment Revenues collected from (i) the Harborview Development District will be deposited in the Harborview Tax Increment Fund; (ii) the Strathdale Development District will be deposited in the Strathdale Tax Increment Fund; (iii) the Clipper Mill Development District will be deposited in the Clipper Mill Tax Increment Fund; and (iv) the North Locust Point Development District will be deposited in the North Locust Point Tax Increment Fund. See “SECURITY FOR THE SERIES 2015 BONDS –Tax Increment Revenues” herein.

In the event that the amount of Tax Increment Revenues scheduled for collection in any of the Development Districts in any Fiscal Year is determined to be insufficient to pay Debt Service on the applicable portion of the Series 2015 Bonds secured thereby, applicable administrative expenses, and replenishments to the applicable account within the Reserve Fund for such Fiscal Year, then the City will collect Special Taxes from property owners within the applicable Special Taxing District and deposit the amounts received in the applicable Special Tax Fund for such Special Taxing District.

The methodology for determining (i) the Harborview Special Taxes is set forth in the Harborview Special Taxing District Rate and Method of Apportionment of Special Taxes (the “Harborview Rate and Method”); (ii) the Strathdale Special Taxes is set forth in the Strathdale Manor Special Taxing District Rate and Method of Apportionment of Special Taxes (the “Strathdale Rate and Method”); (iii) the Clipper Mill Special Taxes is set forth in the Clipper Mill Special Taxing District Rate and Method of Apportionment of Special Taxes (the “Clipper Mill Rate and Method”); and (iv) the North Locust Point Special Taxes is set forth in the North Locust Point Special Taxing District Rate and Method of Apportionment of Special Taxes (the “North Locust Point Rate and Method”). See “THE PLEDGED REVENUES – Special Tax Methodologies” and “APPENDIX A – Special Tax Methodologies.”

**Special Tax Revenues generated with respect to a specific Special Taxing District can be used only to pay Debt Service on the portion of the Series 2015 Bonds that is secured by such Special Tax Revenues (or allocable to such Special Taxing District) and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds.** See “SECURITY FOR THE SERIES 2015 BONDS – Special Tax Revenues” herein.

As further described herein, on December 1 of each year, to the extent there is any Deficient Debt Service (defined herein), and the City has received from the Administrator, or from such other party satisfactory to the City, a certification that there exists Projected Excess Tax Increment Revenues (defined herein), the City shall transfer Projected Excess Tax Increment Revenues to the Excess Tax Increment Revenue Account in the amount equal to the lesser of (1) the amount of such Projected Excess Tax Increment Revenues or (2) the Deficient Debt Service as provided in the Indenture. See “SECURITY FOR THE 2015 BONDS – General” and “APPENDIX D – Proposed Form of Indenture of Trust.”

On June 1 of each year, after ensuring that sufficient Tax Increment Revenues have been collected to make the transfers described in the Indenture with respect to the applicable portion of the Series 2015 Bonds for such Fiscal Year, any balance in the Harborview Tax Increment Fund, the Strathdale Tax Increment Fund, the Clipper Mill Tax Increment Fund, and the North Locust Point Tax Increment Fund, respectively, shall be transferred to the Excess Tax Increment Revenue Account.

On any Interest Payment Date or any date on which the principal amount of or any Sinking Fund Installment for any portion of the Series 2015 Bonds becomes due, to the extent that (i) amounts within the applicable account within the Debt Service Fund are insufficient to pay Debt Service on the portion of the Series 2015 Bonds secured thereby and (ii) there are funds in the Excess Tax Increment Revenue Account (the “Excess Tax Increment Revenues”), such Excess Tax Increment Revenues shall be made available, prior to making any transfer from the applicable account within the Reserve Fund, as provided in the Indenture to pay such unpaid Debt Service on the Series 2015 Bonds.

For more information on the pledge of amounts, subject to appropriation, constituting the Excess Tax Increment Revenues, see “SECURITY FOR THE 2015 BONDS – Excess Tax Increment Revenues” and “APPENDIX D – Proposed Form of Indenture of Trust.”

MuniCap, Inc. (the “Administrator”) has been retained by the City to provide certain services in connection with the administration of the Districts, which includes the determination of the Special Taxes that may be required to be levied and collected in any given year in each Special Taxing District pursuant to the applicable Rate and Method. See “THE ADMINISTRATOR.” The Administrator has prepared, based on the limitations contained therein, projections of the anticipated Tax Increment Revenues, anticipated assessments of Special Tax Revenues, and debt service coverage for the Series 2015 Bonds. See “APPENDIX B – Tax Increment and Special Tax Report.”

Based on the most recent assessments, the aggregate total full cash assessed value of the taxable property for the Development Districts as of January 1, 2015, is \$236,969,400, and the estimated aggregate total phased-in assessed value of the taxable property for the Development Districts for Fiscal Year 2015-16 will be \$221,369,136. For more information on the full cash and phased-in assessed values of real property in the Development Districts and the method of reassessment of such properties, see “THE PLEDGED REVENUES” and “SECURITY FOR THE SERIES 2015 BONDS – Assessment Procedures; Tax Credits.” See also “APPENDIX B – Tax Increment and Special Tax Report.”

The City has covenanted in the Indenture for the benefit of the owners of the Series 2015 Bonds (the “Holders”) that it will comply with all provisions of the Enabling Acts, the Indenture, and the Rate and Methods so as to ensure timely levy and collection of the Tax Increment Revenues with respect to the Development Districts and the Special Taxes with respect to the Special Taxing Districts. The City is not required, nor does the City intend, to advance any other funds other than the Pledged Revenues, subject to appropriation, in the event of a delinquency in the payment of real property taxes or Special Taxes. See “SECURITY FOR THE SERIES 2015 BONDS – Property Tax Collection Procedures.”

***Reserve Accounts.*** The Indenture establishes the Reserve Fund and the Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, and the North Locust Point Reserve Account within the Reserve Fund. The Harborview Reserve Account will be established and maintained in an amount equal to the Harborview Reserve Requirement. The Harborview Reserve Account will initially be funded in the amount of \$281,000, which is equal to 50% of the Maximum Annual Debt Service in any future year payable on the portion of the Series 2015 Bonds secured by the Harborview Security.

The Strathdale Reserve Account will be established and maintained in an amount equal to the Strathdale Reserve Requirement. The Strathdale Reserve Account will initially be funded in the amount of \$296,625, which is equal to 50% of the Maximum Annual Debt Service in any future year payable on the portion of the Series 2015 Bonds secured by the Strathdale Security.

The Clipper Mill Reserve Account will be established and maintained in an amount equal to the Clipper Mill Reserve Requirement. The Clipper Mill Reserve Account will initially be funded in the amount of \$362,250, which is equal to 50% of the Maximum Annual Debt Service in any future year payable on the portion of the Series 2015 Bonds secured by the Clipper Mill Security.

The North Locust Point Reserve Account will be established and maintained in an amount equal to the North Locust Point Reserve Requirement. The North Locust Point Reserve Account will initially be funded in the amount of \$112,125, which is equal to 50% of the Maximum Annual Debt Service in any future year payable on the portion of the Series 2015 Bonds secured by the North Locust Point Security.

**Amounts in the Harborview Reserve Account can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the Harborview Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds. Amounts in the Strathdale Reserve Account can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the Strathdale Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds. Amounts in the Clipper Mill Reserve Account can be used only to pay Debt Service on the portion of the Series 2015**

**Bonds secured by the Clipper Mill Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds. Amounts in the North Locust Point Reserve Account can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the North Locust Point Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds.**

For more detail on the various reserve accounts and the Harborview Reserve Requirement, the Strathdale Reserve Requirement, the Clipper Mill Reserve Requirement, and the North Locust Point Reserve Requirement, see “SECURITY FOR THE SERIES 2015 BONDS – Reserve Accounts” and “APPENDIX D – Proposed Form of Indenture of Trust.”

### **Additional Bonds**

The Indenture provides for the issuance of additional bonds (“Additional Bonds”) subject to compliance with certain requirements set forth within the Indenture for any purpose for which refunding obligations of the City may be issued under the provisions of the Enabling Acts, including refunding or advance refunding of any other outstanding bonds. The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds for the purpose of refunding outstanding bonds of an Additional District will specify that such Series of Additional Bonds be payable first from the Tax Increment Revenues of the applicable Additional District, second from the Special Tax Revenues of the applicable Additional District, and third from the Excess Tax Increment Revenues, in each case subject to appropriation of such amounts by the City for such purpose. In addition, the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds will require that: (I) on December 1 of each year, to the extent there is any Deficient Debt Service, and the City has received from the Administrator, or from such other party satisfactory to the City, a certification that there exist Projected Excess Tax Increment Revenues with respect to the Additional District, the City shall transfer such Projected Excess Tax Increment Revenues to the Excess Tax Increment Revenue Account in the amount equal to the lesser of (a) the amount of such Projected Excess Tax Increment Revenues or (b) the Deficient Debt Service as provided in the Indenture and (II) on June 1 of each year, after the City has made the transfers described in the previous sentence and the Indenture, and subject to any additional provisions of any Supplemental Indenture, any balance on deposit in, or deposited to the Tax Increment Fund applicable to such Additional District shall be transferred to the Excess Tax Increment Revenue Account. For more information about Additional Bonds, see “THE SERIES 2015 BONDS – Additional Bonds.” For more information about the Excess Tax Increment Revenue Account, see “SECURITY FOR THE 2015 BONDS – Excess Tax Increment Revenues.” The Series 2015 Bonds, together with any Additional Bonds issued under the Indenture, are referred to collectively herein as the “Bonds.”

### **Risk Factors**

The purchase of the Series 2015 Bonds involves investment risks. See “RISK FACTORS” below for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2015 Bonds.

### **Limitations Concerning Information Contained Herein**

This Official Statement contains brief descriptions of, among other things, the City, the Series 2015 Bonds, the security for the Series 2015 Bonds, certain risk factors, the Development Districts, the Special Taxing Districts, the Pledged Revenues, and other information, together with summaries of certain provisions of the Series 2015 Bonds, the Indenture and certain other documents related to the Series 2015 Bonds, the Development Districts, and the Special Taxing Districts. Such descriptions and information do not purport to be complete, comprehensive or definitive. All such descriptions are qualified in their entirety by reference to such documents, copies of which are available for inspection at the offices of the Underwriter.

## **THE CITY**

### **General**

The City is a body politic and corporate and a political subdivision of the State authorized to issue the Series 2015 Bonds under the Enabling Acts. The City has had a charter form of government since 1797 and home rule powers since 1918, and is governed by an elected Mayor, Comptroller, and a City Council. The City has a total area of approximately 92 square miles and the United States Census Bureau estimates its 2013 population to be 622,104.

Services provided or paid by the City from local, State or Federal sources include police, fire and emergency services, education, various welfare programs, public works, storm water management and court and correctional services. The City also is responsible for adoption and maintenance of building codes and regulation of licenses and permits, collection of certain taxes and revenues, maintenance of public records, the conducting of elections and collection and disposal of refuse. There are no overlapping local government entities or taxing jurisdictions. Accordingly, there is no local government overlapping indebtedness of the City. For additional information regarding the City, see “APPENDIX C – Certain Information Regarding the City.”

The City’s financial matters are currently administered through the Department of Finance by the Director of Finance of the City, confirmed by the City Council, and holds office pursuant to the Charter. The Director of Finance is appointed by the Mayor on the basis of experience in financial administration. The Director of Finance is charged with the administration of the financial affairs of the City, which includes the collection of City taxes, special assessments, water and wastewater utility charges, fees and other revenues and funds of every kind due to the City, the enforcement of the collection of taxes in the manner provided by law; the custody and safe-keeping of all funds and securities belonging to or by law deposited with, distributed to, or handled by the City; the disbursement of City funds; and the keeping and supervision of all accounts. See “SECURITY FOR THE SERIES 2015 BONDS – Property Tax Collection Procedures” herein.

During the week beginning April 27, 2015, civil disturbances occurred within certain sections of the City which resulted in the mobilization of the National Guard and imposition of a City-wide curfew, which was lifted on May 3, 2015. No significant damage was reported to any property within the boundaries of any of the Districts as a result of these disturbances.

## **THE SERIES 2015 BONDS**

### **General**

The Series 2015 Bonds will be issued in the aggregate principal amount, will be dated as of the date, will bear interest from such date at the rates, and will mature on the dates set forth on the inside front cover of this Official Statement. The Series 2015 Bonds will be initially issued in fully registered book-entry form and in Authorized Denominations. See “– Authorized Denominations” below.

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Series 2015 Bonds. So long as the Series 2015 Bonds are held in book-entry form, principal or Redemption Price of and interest on the Series 2015 Bonds will be paid directly to DTC for distribution to the Beneficial Owners (as defined below) of the Series 2015 Bonds in accordance with the procedures adopted by DTC. See “– Book-Entry System” below. Payments of principal or Redemption Price of and interest on the Series 2015 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC participants who will remit such payments to the Beneficial Owners of the Series 2015 Bonds.

Interest on the Series 2015 Bonds will be paid in lawful money of the United States of America semiannually on June 15 and December 15 of each year (each, an “Interest Payment Date”), commencing on December 15, 2015. Interest on the Series 2015 Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.



**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS, EXCEPT FOR THE PLEDGED REVENUES, IF, AS AND WHEN APPROPRIATED, IF ANY, AND PROVIDED THAT THE PLEDGE OF SUCH PLEDGED REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. NO OTHER ASSESSMENTS OR TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS EXCEPT FOR THE PLEDGED REVENUES. THE SERIES 2015 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE DEBT SERVICE FUND AND THE RESERVE FUND, AND THE ACCOUNTS THEREIN, THE TAX INCREMENT FUNDS FOLLOWING APPROPRIATION, THE SPECIAL TAX FUNDS FOLLOWING APPROPRIATION, AND THE EXCESS TAX INCREMENT REVENUE ACCOUNT FOLLOWING APPROPRIATION, IN EACH CASE AS MORE FULLY DESCRIBED HEREIN.**

### ***Optional Redemption***

The Series 2015 Bonds are subject to redemption prior to maturity on and after June 15, 2024, at the option of the City, as a whole or in part at any time, in Authorized Denominations, at a Redemption Price equal to 100% of the principal amount of the Series 2015 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

In lieu of redeeming the Series 2015 Bonds, the City shall have the right to purchase such Series 2015 Bonds or cause such Series 2015 Bonds to be purchased on the date named for redemption at a price equal to 100% of the principal amount of such Series 2015 Bonds, plus accrued interest thereon to the date named for redemption, and by their acceptance of the Series 2015 Bonds, the Holders thereof agree to sell the Series 2015 Bonds to the City or any purchaser obtained by the City on such date. If there shall have been deposited with the Trustee the purchase price of such Series 2015 Bonds on such date, then such Series 2015 Bonds shall be deemed to have been purchased on such date whether or not the Holders thereof surrender such Bonds for purchase and such Holders shall not be entitled to interest accruing on such Series 2015 Bonds subsequent to such date and shall have no claims with respect thereto except to receive the purchase price of such Series 2015 Bonds so held by the Trustee.

### ***Mandatory Sinking Fund Redemption***

The Series 2015 Bonds maturing on June 15, 2033, are subject to mandatory sinking fund redemption prior to maturity at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments on June 15 of the following years in the following amounts:

<u>Year</u>	<u>Sinking Fund Installment</u>
2031	\$600,000
2032	645,000
2033 <sup>†</sup>	690,000

<sup>†</sup> *final maturity*

Any Series 2015 Bonds redeemed as described under “– Optional Redemption” and Series 2015 Bonds purchased by the Trustee from available moneys on deposit with the Trustee in accordance with the Indenture shall be credited to the remaining Sinking Fund Installments in the manner described herein. See “–Credits to Sinking Fund Installments from Redemptions and Purchases of Bonds” below.

### ***Extraordinary Optional Redemption***

Series 2015 Bonds secured by a Development District or Special Taxing District are subject to redemption prior to maturity as a whole or in part at any time, at a Redemption Price equal to 100% of the principal amount

thereof plus accrued interest thereon to the date set for redemption, at the option of the City upon the occurrence of any of the following conditions or events: (i) if title to, or the permanent use of, or use for a limited period of, any portion of such Development District or Special Taxing District is condemned or the subject of an agreement with, or action by, a public authority in the nature of or in lieu of condemnation proceedings, or (ii) if any portion of such Development District or Special Taxing District is damaged or destroyed by fire or other casualty, in each case to the extent that the ability of the properties in such Development District or Special Taxing District to generate sufficient Tax Increment Revenues or Special Tax Revenues, as applicable, to pay Debt Service on the Series 2015 Bonds secured by such Tax Increment Revenues or Special Tax Revenues, as applicable, is substantially impaired in the judgment of the City, which judgment may rely on information provided by the Administrator and shall be conclusive and binding on the owners of the Series 2015 Bonds. The City may rely on the report of the Administrator in making such judgment.

#### ***Selection of Bonds to Be Redeemed***

Series 2015 Bonds subject to optional redemption shall be selected in such order of maturity as the City may direct. If fewer than all of the Series 2015 Bonds of a single maturity shall be called for redemption, the Securities Depository shall select the particular Series 2015 Bonds or portions of Series 2015 Bonds to be redeemed from such maturity in accordance with its procedures, or if the book-entry system has been discontinued, the Trustee shall select or cause to be selected the particular Series 2015 Bonds or portions of Series 2015 Bonds to be redeemed from such maturity by lot or in such other random method as the Trustee in its discretion may determine; *provided, however*, that that the portion of the Series 2015 Bond that shall remain Outstanding upon such redemption shall be in a principal amount equal to an Authorized Denomination and, in selecting Series 2015 Bonds for redemption, each Series 2015 Bond shall be treated as representing that number of Series 2015 Bonds that is obtained by dividing the principal amount of such Series 2015 Bond by the smallest Authorized Denomination for such Series 2015 Bond.

#### ***Credits to Sinking Fund Installments from Redemptions and Purchases of Bonds***

If the City directs the Trustee to purchase Series 2015 Bonds with amounts on deposit in any account of the Debt Service Fund being held for the payment of any Sinking Fund Installments becoming due on any Series 2015 Bonds secured thereby in any year, such amounts shall be applied solely to the purchase of such Series 2015 Bonds, *provided that*, if in any Fiscal Year the amount credited against the Sinking Fund Installment for such Series 2015 Bonds equals or exceeds the Sinking Fund Installment for such Series 2015 Bonds due on the immediately succeeding June 15, any excess amount on deposit in the applicable account of the Debt Service Fund for the payment of such Sinking Fund Installment shall be applied by the Trustee to the purchase of any Series 2015 Bonds secured thereby and then outstanding as shall be directed by the City. Moneys required to pay the principal or Redemption Price of or interest on any Series 2015 Bonds shall not be deemed to be available for application as provided in this paragraph.

#### ***Notice of Redemption***

So long as the Series 2015 Bonds are held in book-entry form, notice of redemption will be sent by the Trustee only to DTC and not to the Beneficial Owners of Series 2015 Bonds under the DTC book-entry only system. Neither the City nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See “– Book-Entry System” below. If the book-entry system is discontinued, notice of redemption, containing the information required by the Indenture, will be sent by first class mail, postage prepaid, by the Trustee to the registered owners of the Series 2015 Bonds to be redeemed at least 20 days prior to the redemption date.

#### ***Effect of Call for Redemption***

On the date designated for redemption, notice having been given as provided in the Indenture and any conditions to such redemption having been satisfied, the Series 2015 Bonds or portions of the Series 2015 Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Series 2015 Bonds or such portions thereof on such date and, if moneys for the payment of the Redemption Price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Series 2015 Bonds or

such portions thereof so called for redemption shall cease to accrue, such Series 2015 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the registered owners thereof shall have no rights in respect of such Series 2015 Bonds or such portions thereof so called for redemption except to receive payment of the Redemption Price thereof and the accrued interest thereon so held by the Trustee. If a portion of a Series 2015 Bond which is not held under a book-entry system shall be called for redemption, a new Series 2015 Bond or new Series 2015 Bonds in aggregate principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

### **Transfer and Exchange of Bonds**

A Series 2015 Bond may be exchanged for an equal aggregate principal amount of Series 2015 Bonds of any Authorized Denominations, and the transfer of such Series 2015 Bond may be registered, upon presentation and surrender of such Series 2015 Bond at the designated office of the Trustee, together with an assignment duly executed by the registered owner thereof or such owner's attorney or legal representative. The City and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith. Neither the City nor the Trustee shall be required to register the transfer of such Bond or make any such exchange of such Series 2015 Bond, during the 15 days preceding an Interest Payment Date applicable to such Series 2015 Bond, during the 15 days preceding the date of mailing of any notice of redemption or after such Series 2015 Bond has been called for redemption.

### **Authorized Denominations**

The Series 2015 Bonds will be issued in denominations of \$5,000 and integral multiples thereof. Any Additional Bonds will be issued in such denomination as shall be specified in the Supplemental Indenture authorizing the issuance thereof.

### **Additional Bonds**

The Indenture provides that the City may issue from time to time Additional Bonds under and secured by the Indenture but subject to the further provisions of the Indenture, for any purpose for which refunding obligations of the City may be issued under the Enabling Acts, including (without limitation): (1) to refund or advance refund any bonds or notes issued under the Enabling Acts, including any Outstanding Series 2015 Bonds, (2) to pay all costs incidental to or connected with any Additional Bonds authorized in clause (1) above, and (3) to make any deposits into the funds and accounts, including but not limited to deposits into any applicable reserve fund, required by the provision of the Supplemental Indenture authorizing such Series of Additional Bonds. All Additional Bonds issued, are subject in all respects to the provisions of the Supplemental Indenture authorizing the issuance thereof.

Each Series of Additional Bonds is to be on parity with and will be entitled to the same benefit and security as to the Series 2015 Bonds and any other Series of Additional Bonds that may be issued from time to time, to the extent provided in the Indenture.

The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds for the purpose of refunding outstanding bonds of an Additional District will specify that such Series of Additional Bonds be payable first from the Tax Increment Revenues of the applicable Additional District, second from the Special Tax Revenues of the applicable Additional District, and third from the Excess Tax Increment Revenues, in each case subject to appropriation of such amounts by the City for such purpose. In addition, the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds will require that: (I) on December 1 of each year, to the extent there is any Deficient Debt Service, and the City has received from the Administrator, or from such other party satisfactory to the City, a certification that there exist Projected Excess Tax Increment Revenues with respect to the Additional District, the City shall transfer such Projected Excess Tax Increment Revenues to the Excess Tax Increment Revenue Account in the amount equal to the lesser of (a) the amount of such Projected Excess Tax Increment Revenues or (b) the Deficient Debt Service as provided in the Indenture and (II) on June 1 of each year, after the City has made the transfers described in the previous sentence and the Indenture, and subject to any additional provisions of any Supplemental Indenture, any balance on deposit in, or deposited to, the Tax Increment Fund applicable to such Additional District shall be transferred to the Excess Tax Increment Revenue Account. See "APPENDIX D – Proposed Form of Indenture of Trust."

The City may issue Additional Bonds upon meeting certain requirements set forth in the Indenture, including (but not limited to) the requirement that the Administrator, or such other party satisfactory to the City, certifies that based upon its reasonable projections:

(i) the Projected Tax Increment Revenues (defined herein) for the Development Districts for each succeeding Fiscal Year are at least 150% of the aggregate of the Annual Debt Service for such Fiscal Year (net of any capitalized interest or expenses funded by such Additional Bonds and investment earnings on amounts on deposit in the Reserve Fund, as reasonably projected by the Administrator) on the proposed Additional Bonds and any Bonds that will be Outstanding after the issuance of such Additional Bonds for such Fiscal Year;

(ii) the Projected Tax Increment Revenues for each succeeding Fiscal Year less the Projected Tax Increment Revenues attributable to the top ten taxpayers in the Development Districts shall be at least one hundred percent (100%) of the aggregate of the Annual Debt Service for such Fiscal Year (net of any capitalized interest or expenses funded by such Additional Bonds and investment earnings on amounts on deposit in the Reserve Fund, as reasonably projected by the Administrator) on the proposed Additional Bonds and any Bonds that will be Outstanding after the issuance of such Additional Bonds,

(iii) the total combined Original Taxable Value of all of the Development Districts divided by the total phased-in assessed value of all taxable property within all of the Development Districts as of the date of issuance of such Additional Bonds is equal to or less than 10%, and

(iv) the Maximum Special Tax in every Fiscal Year in which Bonds are Outstanding shall be at least one hundred ten percent (110%) of the total Annual Debt Service for the corresponding Fiscal Year on the proposed Additional Bonds and any Bonds that will be Outstanding after the issuance of such Additional Bonds (net of any capitalized interest or expenses funded by such Additional Bonds and projected investment earnings on amounts on deposit in the Reserve Fund, as reasonably projected by the Administrator) to the extent such Bonds and Additional Bonds are secured by Special Taxes.

Notwithstanding the foregoing, if the credit rating on the Bonds, after giving effect to the issuance of such Additional Bonds, will be at least equal to the credit rating on the Bonds immediately prior to the issuance of such Additional Bonds, the requirements of clauses (ii) through and including (iv) above shall not apply with respect to such issuance of Additional Bonds.

For the purposes of clauses (i) and (ii) above, “Projected Tax Increment Revenues” means the aggregate Tax Increment Revenues for the Development Districts for any Fiscal Year of computation as determined by the amount of Tax Increment Revenues collected by the City in the Fiscal Year prior to the date of computation, as adjusted by any changes in the phased-in assessed values of property within the Development Districts as determined by the Maryland State Department of Assessments and Taxation (“SDAT”) and any increases or phase-outs of applicable tax credits.

For more information on Additional Bonds, including the conditions precedent to the issuance of Additional Bonds to refund or advance refund all of the Bonds Outstanding immediately prior to the issuance of such Additional Bonds, see “APPENDIX D – Proposed Form of Indenture of Trust.”

### **Book-Entry System**

DTC will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds are being issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015 Bond certificate will be delivered for each maturity of the Series 2015 Bonds, each in the aggregate principal amount of such maturity of the Series 2015 Bond, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the

Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of United States and non-United States equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both United States and non-United States securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both United States and non-United States securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the Book-Entry System for the Bonds is discontinued.

To facilitate subsequent transfers, the Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the City or Trustee on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not



of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to the Remarketing Agent. The requirement for physical delivery of the Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2015 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE SERIES 2015 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2015 BONDS.

NONE OF THE CITY, THE TRUSTEE, AND THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the Trustee, and the Underwriter takes responsibility for the accuracy thereof.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City and the Trustee. In addition, the City may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners of the Bonds. If for either reason the Book-Entry System is discontinued, Bond certificates will be delivered as described in the Indenture and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Holder of such Bond. Thereafter, the Bonds may be exchanged as described in "– Transfer and Exchange of Bonds" above.

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## ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated and sources and uses of funds with respect to the Series 2015 Bonds.

<u>Sources of Funds</u>	<u>Harborview</u>	<u>Strathdale</u>	<u>Clipper Mill</u>	<u>North Locust Point</u>	<u>Total</u>
Series 2015 Bond Proceeds					
Par Amount	\$5,830,000.00	\$5,230,000.00	\$6,820,000.00	\$2,315,000.00	\$20,195,000.00
Premium	596,916.55	542,818.15	654,644.70	237,145.85	2,031,525.25
Prior Bonds Reserve Funds <sup>(1)</sup>	648,053.67	609,402.59	787,719.33	208,308.06	2,253,483.65
<b>TOTAL SOURCES</b>	<b>\$7,074,970.22</b>	<b>\$6,382,220.74</b>	<b>\$8,262,364.03</b>	<b>\$2,760,453.91</b>	<b>\$24,480,008.90</b>
<u>Uses of Funds</u>					
Refunding Deposit <sup>(2)</sup>	\$6,610,611.11	\$5,920,640.00	\$7,686,715.83	\$2,575,344.80	\$22,793,311.74
Initial Deposit to Reserve Accounts	281,000.00	296,625.00	362,250.00	112,125.00	1,052,000.00
Costs of Issuance <sup>(3)</sup>	183,359.11	164,955.74	213,398.20	72,984.11	634,697.16
<b>TOTAL USES</b>	<b>\$7,074,970.22</b>	<b>\$6,382,220.74</b>	<b>\$8,262,364.03</b>	<b>\$2,760,453.91</b>	<b>\$24,480,008.90</b>

<sup>(1)</sup> Represents amounts transferred from the reserve funds securing the Prior Bonds.

<sup>(2)</sup> Amounts required to redeem the Harborview Prior Bonds, the Strathdale Prior Bonds, the Clipper Mill Prior Bonds, and the North Locust Point Prior Bonds.

<sup>(3)</sup> Costs of Issuance include the Underwriter's discount, rating agency fees, fees and expenses of various counsel, fees and expenses of the Administrator and the Trustee, accounting fees, and certain other administrative and financing costs, and other costs incidental to the issuance of the Series 2015 Bonds.

## ANNUAL DEBT SERVICE

The following two tables present Debt Service on the Series 2015 Bonds becoming due in each Fiscal Year ending June 30 based on the maturity dates and interest rates set forth on the inside front cover of this Official Statement broken down between the portion of the Debt Service on the Series 2015 Bonds secured in the first instance by the Harborview Security, the Strathdale Security, the Clipper Mill Security, and the North Locust Point Security, assuming no redemptions other than mandatory redemptions from the Sinking Fund Installments are made.

<u>Fiscal Year</u>	<u>Harborview Principal</u>	<u>Strathdale Principal</u>	<u>Clipper Mill Principal</u>	<u>North Locust Point Principal</u>	<u>Aggregate Principal</u>
2015-16	\$ 280,000	\$ 185,000	\$ 150,000	\$ 110,000	\$ 725,000
2016-17	290,000	200,000	170,000	115,000	775,000
2017-18	300,000	220,000	190,000	120,000	830,000
2018-19	310,000	235,000	210,000	125,000	880,000
2019-20	325,000	260,000	230,000	130,000	945,000
2020-21	345,000	285,000	255,000	135,000	1,020,000
2021-22	360,000	305,000	280,000	145,000	1,090,000
2022-23	380,000	335,000	310,000	150,000	1,175,000
2023-24	400,000	360,000	340,000	160,000	1,260,000
2024-25	420,000	390,000	370,000	165,000	1,345,000
2025-26	440,000	420,000	400,000	175,000	1,435,000
2026-27	460,000	455,000	440,000	185,000	1,540,000
2027-28	485,000	490,000	475,000	190,000	1,640,000
2028-29	505,000	525,000	510,000	200,000	1,740,000
2029-30	530,000	565,000	555,000	210,000	1,860,000
2030-31	0	0	600,000	0	600,000
2031-32	0	0	645,000	0	645,000
2032-33	0	0	690,000	0	690,000
<b>TOTAL</b>	<b>\$5,830,000</b>	<b>\$5,230,000</b>	<b>\$6,820,000</b>	<b>\$2,315,000</b>	<b>\$20,195,000</b>

<u>Fiscal Year</u>	<u>Harborview Debt Service<sup>(1)</sup></u>	<u>Strathdale Debt Service<sup>(2)</sup></u>	<u>Clipper Mill Debt Service<sup>(3)</sup></u>	<u>North Locust Point Debt Service<sup>(4)</sup></u>	<u>Series 2015 Bonds Aggregate Debt Service</u>
2015-16	\$ 560,280.00	\$ 439,547.22	\$ 486,598.89	\$ 221,323.33	\$ 1,707,749.44
2016-17	561,600.00	448,050.00	499,900.00	222,900.00	1,732,450.00
2017-18	560,000.00	460,050.00	513,100.00	223,300.00	1,756,450.00
2018-19	558,000.00	466,250.00	525,500.00	223,500.00	1,773,250.00
2019-20	557,500.00	479,500.00	535,000.00	222,250.00	1,794,250.00
2020-21	561,250.00	491,500.00	548,500.00	220,750.00	1,822,000.00
2021-22	559,000.00	497,250.00	560,750.00	224,000.00	1,841,000.00
2022-23	561,000.00	512,000.00	576,750.00	221,750.00	1,871,500.00
2023-24	562,000.00	520,250.00	591,250.00	224,250.00	1,897,750.00
2024-25	562,000.00	532,250.00	604,250.00	221,250.00	1,919,750.00
2025-26	561,000.00	542,750.00	615,750.00	223,000.00	1,942,500.00
2026-27	559,000.00	556,750.00	635,750.00	224,250.00	1,975,750.00
2027-28	561,000.00	569,000.00	648,750.00	220,000.00	1,998,750.00
2028-29	556,750.00	579,500.00	660,000.00	220,500.00	2,016,750.00
2029-30	556,500.00	593,250.00	679,500.00	220,500.00	2,049,750.00
2030-31	0	0	696,750.00	0	696,750.00
2031-32	0	0	711,750.00	0	711,750.00
2032-33	0	0	724,500.00	0	724,500.00
<b>TOTAL</b>	<b>\$8,396,880.00</b>	<b>\$7,687,897.22</b>	<b>\$10,814,348.89</b>	<b>\$3,333,523.33</b>	<b>\$30,232,649.44</b>

(1) Represents the portion of the Debt Service on the Series 2015 Bonds secured by the Harborview Security.

(2) Represents the portion of the Debt Service on the Series 2015 Bonds secured by the Strathdale Security.

(3) Represents the portion of the Debt Service on the Series 2015 Bonds secured by the Clipper Mill Security.

(4) Represents the portion of the Debt Service on the Series 2015 Bonds secured by the North Locust Point Security.

## **SECURITY FOR THE SERIES 2015 BONDS**

### **Special, Limited Obligations of the City**

The Series 2015 Bonds are special, limited obligations of the City payable solely from the Trust Estate described in the Indenture. See “– Trust Estate” below. See also “APPENDIX D – Proposed Form of Indenture of Trust.”

The Series 2015 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the Series 2015 Bonds or the Indenture. The ultimate source of recovery in the event of a default on the payment of real property taxes or the Special Taxes is the tax sale provisions described below. See “– Property Tax Collection Procedures” below.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS, EXCEPT FOR THE PLEDGED REVENUES, IF, AS AND WHEN APPROPRIATED, IF ANY, AND PROVIDED THAT THE PLEDGE OF SUCH PLEDGED REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. NO OTHER ASSESSMENTS OR TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS EXCEPT FOR THE PLEDGED REVENUES. THE SERIES 2015 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE DEBT SERVICE FUND AND THE RESERVE FUND, AND THE ACCOUNTS THEREIN, THE TAX INCREMENT FUNDS FOLLOWING APPROPRIATION, THE SPECIAL TAX FUNDS FOLLOWING APPROPRIATION, AND THE EXCESS TAX INCREMENT REVENUE ACCOUNT FOLLOWING APPROPRIATION, IN EACH CASE AS MORE FULLY DESCRIBED HEREIN.**

PROSPECTIVE PURCHASERS SHOULD READ AND CONSIDER THE INFORMATION SET FORTH IN “RISK FACTORS” IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE SERIES 2015 BONDS.

## **Trust Estate**

The Trust Estate, as described in the Indenture, consists of the following: (i) all of the Pledged Revenues, (ii) all moneys from time to time on deposit in the Debt Service Fund and the Reserve Fund, and any accounts therein, the Tax Increment Funds, the Special Tax Funds, and the Excess Tax Increment Revenue Account created pursuant to the Acts, the Ordinances, and/or the Indenture, but subject to appropriation as described in the Indenture, and (iii) any and all other real or personal property of every name and nature from time to time after the date of issuance of the Series 2015 Bonds by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture by the City or by anyone on its behalf, or with its written consent, to the Trustee.

The Pledged Revenues, as more fully described herein, consist of the Tax Increment Revenues, the Special Tax Revenues, and the Excess Tax Increment Revenues; however, the Pledged Revenues are not irrevocably pledged to the payment of the Series 2015 Bonds and the City's obligations under the Indenture to transfer the Pledged Revenues to the Trustee are subject to annual appropriation of the Pledged Revenues by the City for such purposes. See "– Subject to Appropriation" below.

## **General**

The Debt Service on the Series 2015 Bonds will be secured primarily by a pledge of and payable from certain Tax Increment Revenues, Special Tax Revenues, and amounts in certain accounts held under the Indenture, and described as follows: the Harborview Security, which is pledged to \$5,830,000 of the Series 2015 Bonds; the Strathdale Security, which is pledged to \$5,230,000 of the Series 2015 Bonds; the Clipper Mill Security, which is pledged to \$6,820,000 of the Series 2015 Bonds; and the North Locust Point Security, which is pledged to \$2,315,000 of the Series 2015 Bonds. The Debt Service on the Series 2015 Bonds is also secured by the Excess Tax Increment Revenues.

"Harborview Security" means (i) the Harborview Tax Increment Revenues and the Harborview Special Tax Revenues, in each case if, as, and when appropriated, (ii) a debt service account established for the portion of the Series 2015 Bonds secured by the Harborview Security (the "Harborview Debt Service Account"), and (iii) a debt service reserve account established for the portion of the Series 2015 Bonds secured by the Harborview Security (the "Harborview Reserve Account"). "Strathdale Security" means a pledge of (i) the Strathdale Tax Increment Revenues and the Strathdale Special Tax Revenues, in each case if, as, and when appropriated, (ii) a debt service account established for the portion of the Series 2015 Bonds secured by the Strathdale Security (the "Strathdale Debt Service Account"), and (iii) a debt service reserve account established for the portion of the Series 2015 Bonds secured by the Strathdale Security (the "Strathdale Reserve Account"). "Clipper Mill Security" means a pledge of (i) the Clipper Mill Tax Increment Revenues and the Clipper Mill Special Tax Revenues, in each case if, as, and when appropriated, (ii) a debt service account established for the portion of the Series 2015 Bonds secured by the Clipper Mill Security (the "Clipper Mill Debt Service Account"), and (iii) a debt service reserve account established for the portion of the Series 2015 Bonds secured by the Clipper Mill Security (the "Clipper Mill Reserve Account"). "North Locust Point Security" means a pledge of (i) the North Locust Point Tax Increment Revenues and the North Locust Point Special Tax Revenues, in each case if, as, and when appropriated, (ii) a debt service account established for the portion of the Series 2015 Bonds secured by the North Locust Point Security (the "North Locust Point Debt Service Account"), and (iii) a debt service reserve account established for the portion of the Series 2015 Bonds secured by the North Locust Point Security (the "North Locust Point Reserve Account").

The various Tax Increment Funds and Special Tax Funds are held in trust by the City for the benefit of the Holders of the Series 2015 Bonds and, will be subject, if, when, and as appropriated, to a lien in favor of the Holders of the Series 2015 Bonds. The City will deposit the Tax Increment Revenues collected from a Development District into the applicable Tax Increment Fund and the Special Tax Revenues collected from a Special Taxing District into the applicable Special Tax Fund.

For the portion of the Series 2015 Bonds allocable to the Harborview Districts, the payment of Harborview Debt Service, City Expenses with respect to the Harborview Districts, and any required replenishment of the Harborview Reserve Account is secured by a pledge of the following and in the following order of priority:

The Harborview Tax Increment Revenues;  
The Harborview Special Taxes, which, if required, will be collected as described herein;  
Amounts on deposit in the Excess Tax Increment Revenue Account; and  
The Harborview Reserve Account.

For the portion of the Series 2015 Bonds allocable to the Strathdale Districts, the payment of Strathdale Debt Service, City Expenses with respect to the Strathdale Districts, and any required replenishment of the Strathdale Reserve Account are secured by a pledge of the following and in the following order of priority:

The Strathdale Tax Increment Revenues;  
The Strathdale Special Taxes, which, if required, will be collected as described herein;  
Amounts on deposit in the Excess Tax Increment Revenue Account; and  
The Strathdale Reserve Account.

For the portion of the Series 2015 Bonds allocable to the Clipper Mill Districts, the payment of Clipper Mill Debt Service, City Expenses with respect to the Clipper Mill Districts, and any required replenishment of the Clipper Mill Reserve Account are secured by a pledge of the following and in the following order of priority:

The Clipper Mill Tax Increment Revenues;  
The Clipper Mill Special Taxes, which, if required, will be collected as described herein;  
Amounts on deposit in the Excess Tax Increment Revenue Account; and  
The Clipper Mill Reserve Account.

For the portion of the Series 2015 Bonds allocable to the North Locust Point Districts, the payment of North Locust Point Debt Service, City Expenses with respect to the North Locust Point Districts, and any required replenishment of the North Locust Point Reserve Account is secured by a pledge of the following and in the following order of priority:

The North Locust Point Tax Increment Revenues;  
The North Locust Point Special Taxes, which, if required, will be collected as described herein;  
Amounts on deposit in the Excess Tax Increment Revenue Account; and  
The North Locust Point Reserve Account.

Pursuant to the Indenture, on December 1 of each Fiscal Year and the following June 1, with respect to payments of Debt Service on the portion of the Series 2015 Bonds secured by the Harborview Security, the Strathdale Security, the Clipper Mill Security and the North Locust Point Security, respectively, on the immediately succeeding Interest Payment Date and on any date required for the payment of any other obligations relating to the applicable Districts, the City shall withdraw, first from the applicable Tax Increment Fund and, then, to the extent amounts in the applicable Tax Increment Fund are insufficient therefor, from the applicable Special Tax Fund and transfer the following amounts for the following purposes in the following order of priority:

(1) to the Trustee, for deposit to the applicable account within the Debt Service Fund, the amount necessary after taking into account any other amounts then on deposit in such account to make the amount in the applicable account within the Debt Service Fund equal the applicable Debt Service due on the immediately succeeding Interest Payment Date or such other payment date, as applicable,

(2) to the Trustee for deposit to the applicable account within the Reserve Fund, the amount necessary, taking into account amounts then on deposit in such account after giving effect to any amount required to be transferred from the applicable account within the Reserve Fund to the applicable account within the Debt Service Fund, to make the amount in the applicable account within the Reserve Fund equal the applicable Reserve Requirement, and

(3) to the applicable account within the Administrative Expense Fund, such amounts as shall be determined by the City to be necessary to pay City Expenses allocable to the applicable Districts.



On December 1 of each Fiscal Year, if (a) the amount credited to the Harborview Debt Service Account, Strathdale Debt Service Account, Clipper Mill Debt Service Account, and North Locust Point Debt Service Account, as applicable, is less than the amount of the interest due on the immediately succeeding December 15 with respect to the portion of the Series 2015 Bonds secured thereby (such aggregate deficiency, if any, being hereinafter referred to as the “Deficient Debt Service”) and (b) the City receives from the Administrator, or from such other party satisfactory to the City, a certification that the Harborview Tax Increment Revenues, the Strathdale Tax Increment Revenues, the Clipper Mill Tax Increment Revenues, or the North Locust Point Tax Increment Revenues which have been collected by the City as of such December 1 exceeds the Projected Annual Requirement (defined herein) of the applicable Development District (the “Projected Excess Tax Increment Revenues”), then (ii) the City shall transfer such Projected Excess Tax Increment Revenues to the Excess Tax Increment Revenue Account in an amount equal to the lesser of (1) the amount of such Projected Excess Tax Increment Revenues or (2) the Deficient Debt Service. To the extent two or more Development Districts are reasonably projected to have Projected Excess Tax Increment Revenues and the aggregate amount of such Projected Excess Tax Increment Revenues exceeds the Deficient Debt Service, then the City shall transfer the Projected Excess Tax Increment Revenues from such Development Districts *pro rata* based on the respective amounts of the Projected Excess Tax Increment Revenues available to be transferred.

The term “Projected Annual Requirement” means, for any Fiscal Year and based upon reasonable projections for such Fiscal Year, the sum of (1) the Annual Debt Service due and payable on the portion of the Series 2015 Bonds secured by the Harborview Districts, the Strathdale Districts, the Clipper Mill Districts, and the North Locust Point Districts, as applicable, plus (2) all amounts reasonably expected in such Fiscal Year to be necessary to make the amount in the applicable account within the Reserve Fund equal the applicable Reserve Requirement, which shall include any amount reasonably expected to be required to be transferred from the applicable account within the Reserve Fund to the applicable account within the Debt Service Fund to pay Annual Debt Service on the portion of the Series 2015 Bonds secured thereby, plus (3) amounts reasonably expected to be necessary to pay City Expenses in such Fiscal Year allocable to such Districts.

On June 1 of each year, after ensuring that sufficient Tax Increment Revenues have been collected to make the transfers described in the Indenture with respect to the applicable portion of the Series 2015 Bonds for such Fiscal Year, any balance in the Harborview Tax Increment Fund, the Strathdale Tax Increment Fund, the Clipper Mill Tax Increment Fund, and the North Locust Point Tax Increment Fund, respectively, shall be transferred to the Excess Tax Increment Revenue Account.

On any Interest Payment Date or any date on which the principal amount of or any Sinking Fund Installment for any portion of the Series 2015 Bonds becomes due, to the extent that amounts within the applicable account within the Debt Service Fund is insufficient to pay Debt Service on the portion of the Series 2015 Bonds secured thereby, and (ii) there are funds in the Excess Tax Increment Revenue Account, such Excess Tax Increment Revenues shall be made available, prior to making any transfer from the applicable account within the Reserve Fund, as provided in the Indenture to pay such unpaid Debt Service on the Series 2015 Bonds.

For more details on the security for the Series 2015 Bonds, see “APPENDIX D – Proposed Form of Indenture of Trust.”

### **Subject to Appropriation**

The Enabling Acts require that the City’s obligations under the Indenture and its obligations to pay the costs and expenses of performing its obligations thereunder, including, without limitation, its obligation to pay principal of and interest on the Series 2015 Bonds, are subject to, and dependent upon, the City’s annual appropriation of funds deposited in the Tax Increment Funds, the Special Tax Funds, and the Excess Tax Increment Revenue Account. The City is not legally obligated to make such appropriations. The City has covenanted in the Indenture that the City’s Director of Finance shall, to the extent permitted by applicable law, do all things within his or her power annually to request the appropriations of Pledged Revenues in each year sufficient to pay Debt Service on the Series 2015 Bonds. See “APPENDIX D – Proposed Form of Indenture of Trust” and “RISK FACTORS – Failure to Appropriate.”

During the fall of each Fiscal Year, each City agency submits operating budget requests to the City's Department of Finance and capital budget requests to the City's Planning Commission. Following review of the respective budget requests, the Department of Finance and the Planning Commission prepare recommendations which are submitted to the Board of Estimates of the City (the "Board of Estimates") for its review and recommendation to the City Council. The Board of Estimates also conducts formal hearings on the various agency budget requests. On the basis of its review, the Board of Estimates prepares and submits a proposed Ordinance of Estimates to the City Council. The City Council conducts public hearings on the Ordinance of Estimates and may reduce or eliminate budget items, but may not increase or add new items. In order to approve the Ordinance of Estimates, the City Council must vote to pass the Ordinance of Estimates as submitted or with reductions to the appropriations included therein. The Ordinance of Estimates, as approved by the City Council, is submitted to the Mayor who may further reduce or eliminate budget items, but may not increase or add new items, prior to signing the Ordinance of Estimates into law.

### **Tax Increment Revenues**

Pursuant to the Tax Increment Act and the Ordinances, Tax Increment Revenues with respect to a Development District in any Fiscal Year are the portion of the taxes that would normally be paid to the City and that represent the levy on the amount by which the assessable base of real property in such Development District subject to taxation as of January 1 preceding that Fiscal Year exceeds the applicable Original Taxable Value of that Development District (the "Tax Increment"). The Original Taxable Value is defined in the applicable Tax Increment Ordinance to mean the assessable base of all real property in the applicable Development District subject to taxation as of the January 1 of the year preceding the effective date of the ordinance that approved the inclusion of such property within the applicable Development District (the "Original Assessable Base") adjusted for changes in the assessment ratio. Prior to the issuance of the applicable Prior Bonds, the City received a certification as to the Original Assessable Base of each Development District from the Supervisor of Assessments (defined herein).

The City has pledged, pursuant to the Ordinances and the Indenture, that until the Series 2015 Bonds have been paid in full (or defeased in accordance with the Indenture), the property taxes on real property in the Development Districts shall be divided such that (i) the portion of the taxes that are produced by the City's annual tax rate levied upon the Original Taxable Value applicable to any Development District shall be allocated to and, when paid, deposited into the funds of the City in the same manner as taxes by or for the City on all other property are paid and (ii) the portion of the taxes representing the levy on the Tax Increment that would normally be paid to the City shall be paid into the applicable Tax Increment Fund to be applied in accordance with the Tax Increment Act and the Ordinances. Tax Increment Revenues include the proceeds of the tax levy on the Tax Increment that would normally be paid to the City, including any scheduled payments thereof, interest thereon and net proceeds of the redemption or the sale of property in the applicable Development District sold as a result of foreclosure of the lien of the City property tax, up to the amount of said lien and interest thereon, including any penalties collected in connection with delinquent property taxes, but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, in each case to the extent attributable to such levy on the Tax Increment. No State real property taxes will be paid into any of the Tax Increment Funds.

Pursuant to the Tax Increment Act, the Ordinances, and the Indenture, all Tax Increment Revenues collected in a Development District are, subject to annual appropriation by the City, pledged to secure the portion of the Series 2015 Bonds secured by such Tax Increment Revenues and shall be deposited into the Tax Increment Fund applicable to the Development District from which the Tax Increment Revenues were generated.

Based on certificates of the Supervisor of Assessments, the Original Assessable Base of the Harborview Development District is \$1,169,800; the Original Assessable Base of the Strathdale Development District is \$0; and the Original Assessable Base of the Clipper Mill Development District is \$823,200. The Original Assessable Base for the North Locust Point 2003 Development District was \$4,182,800; however, the Original Assessable Base of the North Locust Point Development District (after expansion) is \$8,598,700. See "OVERVIEW OF THE DISTRICTS" and "THE PLEDGED REVENUES" herein.

For more information on the application of the Tax Increment Revenues and the amounts in the Tax Increment Funds, see "APPENDIX D – Proposed Form of Indenture of Trust."

## Special Tax Revenues

Pursuant to the Special Taxing District Act, each Special Taxing District Ordinance has authorized a levy of Special Taxes in the event that Tax Increment Revenues generated by the applicable Development District are insufficient to pay Debt Service on the portion of the Series 2015 Bonds secured by such Special Taxes, pay City Expenses with respect to the applicable Districts, or replenish certain accounts or funds held by the Trustee with respect to the portion of the Series 2015 Bonds secured by such Special Taxes.

Prior to the issuance of the applicable Series of Prior Bonds, the City recorded among the land records of Baltimore City, Maryland, a Notice of Special Tax with respect to each of the Harborview Special Taxing District, the Strathdale Special Taxing District, the Clipper Mill Special Taxing District, and the North Locust Point Special Taxing District.

The portion of the Series 2015 Bonds allocable to the Harborview Districts, the Strathdale Districts, the Clipper Mill Districts, and the North Locust Point Districts are secured by a pledge, subject to appropriation, of the Harborview Special Tax Revenues, the Strathdale Special Tax Revenues, the Clipper Mill Special Tax Revenues, and the North Locust Point Special Tax Revenues, respectively. Special Tax Revenues include the net proceeds of the Special Taxes received by the City with respect to Special Taxing Districts, including any scheduled payments thereof, interest thereon and net proceeds of the redemption or sale of property in a Special Taxing District sold as a result of foreclosure of the lien of the Special Taxes up to the amount of said lien and interest thereon, including any penalties collected in connection with delinquent Special Taxes, but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes.

Prior to the beginning of each Fiscal Year, and pursuant to the applicable Special Taxing District Ordinance, the Administrator will inform the Authorized Officer, after taking into account the amount on deposit in the applicable funds and accounts as provided by the Indenture (other than any amounts in the Excess Tax Increment Revenue Fund), and the amount of Tax Increment Revenues from the applicable Development District expected to be collected during the next Fiscal Year, if Special Taxes need to be collected in the applicable Special Taxing District.

If it is determined that the collection of any Special Taxes is required, the Authorized Officer will ascertain the relevant parcels in the relevant Special Taxing District on which the Special Taxes are to be collected, taking into account any parcel splits during the preceding and then current Fiscal Year and shall determine the amount of Special Taxes within such Special Taxing District required during the ensuing Fiscal Year for the purposes set forth in the applicable Special Taxing District Ordinance, including the payment of the principal of and interest on the portion of Outstanding Series 2015 Bonds secured by such Special Taxes, any necessary replenishment or expenditure of the applicable account within the Reserve Fund for the portion of the Series 2015 Bonds secured thereby, and an amount estimated to be sufficient to pay the City Expenses with respect to the applicable Districts during such Fiscal Year, taking into account the balances in such funds and accounts (other than any amounts in the Excess Tax Increment Revenue Fund), the applicable Tax Increment Fund, and the applicable Special Tax Fund. The Authorized Officer shall make such determination in accordance with the Ordinances and the Enabling Acts. The Authorized Officer shall take all necessary actions to cause such amount of Special Taxes to be collected in each Fiscal Year in which Special Taxes are required to be collected under the Indenture. See “APPENDIX A – Special Tax Methodologies.”

**Special Tax Revenues generated with respect to a specific Special Taxing District can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by such Special Tax Revenues (or allocable to such Special Taxing District) and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds.** Therefore, the Harborview Special Taxes, the Strathdale Special Taxes, the Clipper Mill Special Taxes, and the North Locust Point Special Taxes can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the Harborview Special Taxing District, the Harborview Special Taxing District, the Clipper Mill Special Taxing District, and the North Locust Point Special Taxing District, respectively. See “APPENDIX D – Proposed Form of Indenture of Trust.”

In the event that Special Taxes are required to be collected in any given year, the amount of Special Taxes that the City may collect in a particular Special Taxing District in any year is strictly limited by the Maximum Rates

approved by the City pursuant to the Special Taxing District Ordinance creating the applicable Special Taxing District. The City is required under the Special Taxing District Act and each Special Taxing District Ordinance to cause the levy and collection of Special Taxes in an amount determined according to the applicable Rate and Method that is appended to such Special Taxing District Ordinance, and the City has entered into a contract with the Administrator to assist the City in carrying out such responsibilities. See “THE PLEDGED REVENUES – Special Tax Methodologies” and “THE ADMINISTRATOR.” As more particularly described herein, the Harborview Rate and Method apportions the total amount of Harborview Special Taxes to be collected among the taxable parcels in the Harborview Special Taxing District; the Strathdale Rate and Method apportions the total amount of Strathdale Special Taxes to be collected among the taxable parcels in the Strathdale Special Taxing District; the Clipper Mill Rate and Method apportions the total amount of Clipper Mill Special Taxes to be collected among the taxable parcels in the Clipper Mill Special Taxing District; and the North Locust Point Rate and Method apportions the total amount of North Locust Point Special Taxes to be collected among the taxable parcels in the North Locust Point Special Taxing District. See “THE PLEDGED REVENUES – Special Tax Methodologies” and “APPENDIX A – Special Tax Methodologies.”

For more information on the application of Special Taxes and the Special Tax Funds, see “APPENDIX D – Proposed Form of Indenture of Trust”

### **Excess Tax Increment Revenues**

If on any Interest Payment Date or any date on which the principal amount or Redemption Price of or any Sinking Fund Installment for any Series 2015 Bond becomes due and the amount credited to the applicable account within the Debt Service Fund (after taking into account all transfers to such account required by the Indenture) shall be less than the amount of the principal of (including any Sinking Fund Installment) and the interest on any Series 2015 Bonds due on such date, the City shall, prior to making any transfer from the applicable account within the Reserve Fund, transfer moneys from the Excess Tax Increment Revenue Account to the Trustee for deposit in the applicable account within the Debt Service Fund, to the extent necessary to make good any deficiency; *provided that* the City’s obligation to make such transfer from the Excess Tax Increment Revenue Account shall be subject to annual appropriation by the City. If there is a deficiency in more than one account within the Debt Service Fund (after taking into account all transfers to such account required by the Indenture), and the amounts in the Excess Tax Increment Revenue Account are insufficient to pay such aggregate deficiency in full, then the City shall transfer a *pro rata* share of amounts within the Excess Tax Increment Revenue Account into such accounts based on the deficient Debt Service with respect to each such account.

On each June 20, any funds in the Excess Tax Increment Revenue Account not required for the payment of Debt Service due during such Fiscal Year shall be withdrawn by the City free and clear of the lien of the Indenture.

Amounts in the Excess Tax Increment Revenue Account shall be held by the City separate and apart from other funds and accounts of the City.

For more information on the Excess Tax Increment Revenue Account, see “APPENDIX D – Proposed Form of Indenture of Trust.”

### **Reserve Accounts**

The Indenture establishes the Reserve Fund and the Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, and the North Locust Point Reserve Account within the Reserve Fund. The Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, and the North Locust Point Reserve Account will be established and maintained in an amount equal to the Harborview Reserve Requirement, the Strathdale Reserve Requirement, the Clipper Mill Reserve Requirement, and the North Locust Point Reserve Requirement, respectively, as additional security for the portion of the Series 2015 Bonds secured thereby.

The Indenture provides that the Harborview Reserve Requirement is, as of any date of calculation, an amount equal to 50% of the Maximum Annual Debt Service on the portion of the Series 2015 Bonds secured by the

Harborview Security as of the date of determination; the Strathdale Reserve Requirement is, as of any date of calculation, an amount equal to 50% of the Maximum Annual Debt Service on the portion of the Series 2015 Bonds secured by the Strathdale Security as of the date of determination; the Clipper Mill Reserve Requirement is, as of any date of calculation, an amount equal to 50% of the Maximum Annual Debt Service on the portion of the Series 2015 Bonds secured by the Clipper Mill Security as of the date of determination; and the North Locust Point Reserve Requirement is, as of any date of calculation, an amount equal to 50% of the Maximum Annual Debt Service on the portion of the Series 2015 Bonds secured by the North Locust Point Security as of the date of determination. See "APPENDIX D – Proposed Form of Indenture of Trust."

Initially, the Harborview Reserve Requirement is equal to \$281,000; the Strathdale Reserve Requirement is equal to \$296,625; the Clipper Mill Reserve Requirement is equal to \$362,250; and the North Locust Point Reserve Requirement is equal to \$112,125.

The accounts within the Reserve Fund shall be funded initially from proceeds of the Series 2015 Bonds or funds transferred from the respective indenture authorizing the related series of Prior Bonds. The City shall have the option to replace the funds in any account in the Reserve Fund with a Reserve Fund Credit Facility to be held by the Trustee to the credit of such account within the Reserve Fund, as described below.

Moneys in any of the accounts within the Reserve Fund shall be used solely for the purpose of (i) making transfers to the applicable Debt Service Account to pay the principal or Redemption Price of, the Sinking Fund Installments for, and interest on, the Series 2015 Bonds secured thereby when due, in the event that moneys in the applicable Debt Service Account are insufficient therefor (after taking into effect any transfers of amounts in the Excess Tax Increment Revenue Account as required by the Indenture), (ii) making transfers to the Rebate Fund to make any required rebate payments to the federal government in accordance with the provisions of the Indenture, (iii) paying the principal or interest due on the portion of the Series 2015 Bonds secured thereby at their final maturity, or (iv) if the amount then on deposit in the applicable account within the Reserve Fund is at least equal to the Reserve Requirement, for transfer in accordance with the provisions of the Indenture described below. See "APPENDIX D – Proposed Form of Indenture of Trust."

**Amounts in the Harborview Reserve Account can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the Harborview Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds. Amounts in the Strathdale Reserve Account can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the Strathdale Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds. Amounts in the Clipper Mill Reserve Account can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the Clipper Mill Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds. Amounts in the North Locust Point Reserve Account can be used only to pay Debt Service on the portion of the Series 2015 Bonds secured by the North Locust Point Security and cannot be used to pay any Debt Service with respect to the remainder of the Series 2015 Bonds.**

Each account within the Reserve Fund will be replenished from the applicable Tax Increment Revenues, to the extent such funds are available and appropriated for such purpose, and then from the applicable Special Taxes, when and as appropriated, to the extent that Special Taxes, if any, are collected as set forth in the applicable Rate and Method with respect to the applicable Special Taxing District. However, no assurances can be given that such amounts will be sufficient to satisfy the deficiency or that the City will appropriate funds therefor.

The Indenture provides that on any Interest Payment Date, or on any date at the request of the City, if the amount in any account within the Reserve Fund exceeds the Reserve Requirement for the Series 2015 Bonds secured thereby, the Trustee shall provide written notice to the City of the amount of the excess and shall transfer, in the following order of priority, the excess, if transferable, from such account within the Reserve Fund, (i) to the City an amount equal to the City Expenses with respect to the applicable Districts due for the next Fiscal Year, plus any City Expenses with respect to the applicable Districts then due and payable (all as reflected in a certificate of the Authorized Officer delivered to the Trustee) and (ii) to the account within the Debt Service Fund securing such Series 2015 Bonds.

Whenever the balance in any account in the Reserve Fund equals or exceeds the amount required to redeem or pay all Outstanding Series 2015 Bonds secured by such account in the Reserve Fund, including interest accrued to the date of payment or redemption upon the direction of the City, the Trustee shall transfer the amount in such account in the Reserve Fund to the applicable account in the Debt Service Fund. In the event that the amount so transferred to the applicable account within the Debt Service Fund exceeds the amount required to pay and redeem the Outstanding Series 2015 Bonds secured thereby, the amount of the excess shall be transferred to the City free and clear of the lien of the Indenture.

In determining the value of the assets of any Reserve Fund, or account therein, there shall be credited to such Reserve Fund the amount that can be realized by the Trustee under any letter of credit, insurance policy, guaranty, surety bond or other similar facility (a "Reserve Fund Credit Facility") delivered to the Trustee by the City if each of the following conditions is met: (i) on the date of delivery of such Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest rating categories of at least one Rating Agency (without regard to any gradation within such category); (ii) such Reserve Fund Credit Facility requires that the issuer thereof provide written notice to the Trustee of any downgrade in any rating of such issuer if the result of such downgrade would cause such rating to fall below the requirements set forth in the Indenture and, as of the date of valuation, the Trustee has not received such notice; (iii) such Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any excess) from the Reserve Fund in accordance with the Indenture; (iv) such Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder (y) prior to the expiration thereof, if no replacement Reserve Fund Credit Facility is delivered to the Trustee prior the such expiration date, unless the expiration date of such Reserve Fund Credit Facility is after the maturity date of the Bonds secured thereby and (z) upon any downgrade in any rating of the issuer thereof if such downgrade would cause such rating to fall below the requirements set forth in the Indenture; and (v) on the date of delivery of such Reserve Fund Credit Facility to the Trustee, there has been delivered to the City and the Trustee an opinion of Bond Counsel as required by the Indenture.

### **Permitted Investments**

Certain funds and accounts established under the Indenture are held by the Trustee. Moneys in the funds and accounts created by the Indenture shall be invested in Permitted Investments which shall be deemed at all times to be a part of such funds and accounts. See "APPENDIX D – Proposed Form of Indenture of Trust" for descriptions of the Permitted Investments.

Any income realized or loss resulting from Permitted Investments shall be credited or charged to the fund or account from which such investment was made.

Moneys in the Special Tax Funds shall be invested by the City in Permitted Investments and moneys in the Tax Increment Funds, the Excess Tax Increment Revenue Account, and in any fund or account established under the Indenture and held by the City shall be invested in any lawful investment for funds of the City.

### **Assessment Procedures; Tax Credits**

**Assessment Procedures.** While the applicable tax rate is set by the City and is a combination of State and City taxes, the values of the properties within the Development Districts are assessed by SDAT. SDAT is an independent state agency responsible for real and personal property assessment as well as the mapping of all real estate. Within SDAT, there is a Supervisor of Assessments for Baltimore City (the "Supervisor of Assessments") who is appointed by the Director of SDAT after nomination by the Mayor of the City.

Maryland's assessment system is based on a three-year cycle in which one-third of all real property is physically inspected and reassessed each year. Assessments are based upon an estimate of full cash value. The State assessors utilize three traditional approaches to value: cost, sales comparison and income capitalization. The income capitalization approach is not applicable to residential property. To lessen the impact of any increase in full cash value, a three year phased-in period is implemented for certain assessment increases. This provides for one-third of the increase in full cash value added in the first year of the assessment cycle with the balance being added in equal installments over the next two years.

If there were to be any new construction in the Districts, the assessor would currently use a cost approach to determine the initial full cash value using the land acquisition price (if applicable) as the land value and actual construction costs provided by the developer of such property (if available). No assurances can be given that such assessment procedure will continue to remain in effect during the term of the Series 2015 Bonds.

**Tax Credits.** In addition to the foregoing, there are various limitations and tax credits that can affect the collection of real property taxes. For example, three of the Districts include owner-occupied residential properties to which the Homestead Property Tax Credit and the Targeted Homeowner's Tax Credit (as such terms are defined herein) apply. The "Targeted Homeowner's Tax Credit," which is currently in its second year, is an initiative of the current Mayor to reduce the real property tax burden on homeowners in the City. This tax credit is automatically given to every owner-occupied dwelling that is eligible for the Homestead Property Tax Credit and the amount of the credit is calculated by multiplying the credit rate set by the City's Board of Estimates (the "Board of Estimates") by the assessed value of the improved portion of the applicable property. The current credit rate reduces the effective tax rate for owner-occupied dwellings by \$0.18 per \$100 of assessed value on the improvements. The stated goal of the program is to reach a credit rate that reduces the effective tax rate for owner-occupied dwellings by \$0.20 per \$100 of assessed value by the year 2020; however, the credit rate has to be approved each year by the Board of Estimates.

The "Homestead Property Tax Credit" is designed to limit the amount of the annual increase in taxable assessments for eligible owner-occupied properties. Section 9-105 of the Tax-Property Article of the Annotated Code of Maryland, as amended, provides for a homestead property tax credit to be established by the governing body of each county or municipal corporation in the State against local real property taxes on certain owner-occupied residential property. The law requires counties and municipalities to establish the homestead property tax credit rate from 0 percent to 10 percent (and sets the rate at 10 percent if no action is taken), and this tax credit protects homeowners from increases in taxable assessments above this rate. After this rate is set, homeowners receive a credit with respect to the taxes due on the portion of the reassessment exceeding the set rate, and this credit is applied directly to the property owner's tax bill. This reduces the resulting local property taxes paid (compared to the local property taxes that would have been paid if the homestead property tax credit did not exist). The homestead property tax credit rate in the City has been four percent since 1993, but as State law provides that this rate is to be set every year, this rate is subject to change.

Pursuant to Section 9-103 of the Maryland Annotated Code, Tax Property Article (the "State Tax Credit Act"), certain non-residential real property located in a designated Enterprise Zone (as defined in the State Tax Credit Act) and used in a trade or business by a business entity that meets the requirements of the State Tax Credit Act is eligible for tax credits (the "Enterprise Zone Tax Credit") based on the difference between the assessed value determined for the applicable taxable year in which the Enterprise Zone Tax Credit is granted and the assessed value for the taxable year immediately prior (the "Eligible Assessment"). The Enterprise Zone Tax Credit is equal to 80% of the Eligible Assessment in each of the first five taxable years following the calendar year in which the property initially becomes a qualified property; 70% in the sixth taxable year; 60% in the seventh taxable year; 50% in the eighth taxable year; 40% in the ninth taxable year; and 30% in the tenth taxable year.

The City provides for a "Historic Restoration and Rehabilitation Property Tax Credit," which allows a tax credit for significant improvements to, or restoration or rehabilitation of, historic properties for a period of ten years beginning with the assessment after the restoration or rehabilitation is completed. The amount of the credit for development projects that have \$3.5 million or less in documented construction costs is 100%. The amount of the credit for development projects that have greater than \$3.5 million in documented construction costs is equal to (A) 80% (in the first five years, declining by 10% in each successive year thereafter to 30% in the tenth year) of (B) the difference between (i) the property tax that, but for the credit, would be payable after the completion of the eligible improvements; and (ii) the property tax that would be payable if the eligible improvements were not made.

One property within the North Locust Point Development District currently receives the Enterprise Zone Tax Credit, with the assessment year beginning January 1, 2015, being the third year of such credit, and the credit for this property is expected to expire in 2022. Two parcels within the Clipper Mill Development District currently receive Historic Restoration and Rehabilitation Property Tax Credits. For both parcels, these credits are expected to expire in 2015. These credits are reflected in the Tax Increment and Special Tax Report attached hereto as "APPENDIX B."

For more information on the assessed values of the properties with the Development Districts, the reassessment of such properties, and any applicable tax credits, see generally “THE PLEDGED REVENUES” herein and “APPENDIX B – Tax Increment and Special Tax Report”. For a summary of the coverage on projected debt service based on estimates of Tax Increment Revenues to be generated and the potential effects of tax credits that may be available for the Districts on an aggregate basis, see “THE PLEDGED REVENUES – Debt Service Coverage” herein.

### Property Tax Collection Procedures

The collection of all real property taxes within the City is the sole responsibility of the City. The Tax Increment Revenues are a portion of the City *ad valorem* tax on real property within the Development Districts. The Special Taxes will be invoiced and collected from owners of parcels within the applicable Special Taxing Districts at the same time as real property taxes within the Special Taxing District. Taxes on real property under the Baltimore City Code are due and payable as of July 1 in each taxable year. The City grants a discount of 0.5% if the tax bill is paid in full before August 1. The taxes are overdue and in arrears on October 1. Penalty and interest will be assessed on all delinquent real estate property taxes at the rate of 1% interest per month or fraction thereof on the State portion of the bill and 2% per month (1% interest and 1% penalty) or fraction thereof on the City portion of the bill until the bill is paid in full. Under current law, residents of owner-occupied residential real estate and owners of commercial property whose property taxes do not exceed \$100,000 pay real property taxes semiannually in two installments, without interest but with a service charge on the second installment, unless they elect to pay these taxes in one annual payment before September 30. The first installment is due July 1 and is in arrears on October 1. The final installment is due December 1, and is in arrears on January 1. Appropriate service charges are applied to all semi-annual payment plans as provided by law, calculated based on related administrative expenses.

The following chart summarizes key dates related to the collection of taxes and payment of Debt Service for any Fiscal Year:

<b>Process</b>	<b>Date</b>
Regular property tax assessment notices mailed to property owners	December
The “date of finality” (the date assessments for real property become final for next taxable year)	January 1
Deadline for appealing reassessment notices (mailed the prior December)	Mid-February
Homeowners’ tax credit applications received by this date will have credits reflected on July 1 property tax bills, if eligible	May 1
Appropriation of Tax Increment Revenues and Special Taxes equal to Debt Service	June 30
Director of Finance calculates and mails tax bills	July 1
Based on projections of Tax Increment Revenues to be available to pay Debt Service in the next Fiscal Year, Administrator notifies City of amount of Special Taxes, if any, that will be needed in such Fiscal Year.	On or about September
Deadline to submit homeowners’ and renters’ tax credit applications and real property exemptions	September 1
Deadline to pay first installment of real property taxes without penalty (owner-occupied residential property and owners of commercial property whose property taxes do not exceed \$100,000)	September 30
Deadline to pay real property taxes without penalty (commercial properties whose property taxes exceed \$100,000)	September 30
If Special Taxes are required, bill for Special Taxes sent (payments are due in 45 days)	October
Transfers of (as further described herein): →Tax Increment Revenues to pay interest on the Series 2015 Bonds due on December 15; →Special Taxes, if necessary to pay such interest; → Projected Excess Tax Increment Revenues to the Excess Tax Increment Revenue Account and then Excess Tax Increment Revenues to pay Deficient Debt Service, if necessary	December 1
Interest payment due on Series 2015 Bonds from amounts on deposit in the accounts within the Debt Service Fund	December 15
Deadline to pay final installment of real property taxes (owner-occupied residential property and owners of commercial property whose property taxes do not exceed \$100,000)	December 31
Final bill and legal notice mailed to property owners who have not yet paid taxes	February 1
First of two instances of publication of properties going to tax sale	March
Mailing of notice to owners of properties subject to tax sale	March
Tax sale	May
Transfers of (as further described herein): →Tax Increment Revenues to pay Debt Service on the Series 2015 Bonds due on June 15; →Special Taxes, if necessary to pay such Debt Service; →Tax Increment Revenues not needed for Debt Service to the Excess Tax Increment Revenue Account; and →Excess Tax Increment Revenues, if necessary to pay Debt Service	June 1
Payment of Debt Service from amounts on deposit in the accounts within the Debt Service Fund	June 15
Transfer of Excess Tax Increment Revenues not needed for Debt Service to general fund	June 20

Source: Baltimore City Department of Finance and Department of Collections; Maryland State Department of Assessments and Taxation.



Under current State law, the City is not required to initiate procedures to sell any property in the City on which the total taxes on the property, including interest and penalties, is less than \$250 in any one year (effective July 1, 2015, this threshold will increase to \$750). Prior to selling any property at the City tax sale to satisfy the tax obligations then due on such property, the City first will certify as liens the amount of taxes and other municipal charges in arrears on the property, including any Special Taxes or other delinquencies that are eligible for tax sale. Thereafter, the City will notify by mail the person last appearing as the owner of the property on the City's tax roll that the liens on the property will be sold at public auction in order to satisfy the entire amount of taxes and other charges then due, including any Special Taxes or other delinquencies that are eligible for tax sale, and any interest and penalties then due, unless the entire indebtedness is paid within 30 days. This process currently occurs in early February. Payment of all outstanding liens, including interest and penalties on or before April 30, can stop the tax sale process. Upon the failure of the owner of record to pay all liens certified for payment as well as any interest and penalties due, and following two publications of notice of the date and location of sale in accordance with State law, the City will conduct a sale of the liens on the property at public auction which generally occurs in mid-May. Such liens will be sold to the highest bidder at a price not less than the total amount of all taxes and other charges on the property certified as due for payment, together with interest and penalties and expenses incurred in connection with making the sale. After payment by the highest bidder of all liens and the high bid premium, if any, the City will issue to the bidder a tax sale certificate evidencing the sale of the liens which the bidder can use to foreclose the owner's right of redemption in the property. The City has covenanted in the Indenture to comply with all requirements of the Enabling Acts so as to assure timely collection of the Pledged Revenues and to enforce the payment of delinquent taxes.

In the event that liens on any property which have been offered for sale for nonpayment of taxes have not been purchased by a private bidder, the City will "buy in" and hold the liens. When the City retains the liens not sold at tax sale, the City may pay, but is not required to pay, the delinquent taxes, including any delinquent Special Taxes, and pays no taxes or Special Taxes during the period after the tax sale but retains the same rights and remedies with regard to the property as other bidders, including the right to foreclose the right of redemption. The City may subsequently sell or assign the tax sale certificate for the property at which time such taxes, interest and any penalties to the date of sale will be paid by the purchaser of the certificate. The City has further covenanted in the Indenture that, in the event that any property in the Districts which has been offered for sale for nonpayment of taxes has not been purchased by a private purchaser, the City will use reasonable efforts to continue to offer the property for sale pursuant to applicable law.

The City may not execute or deliver a deed to a person who holds a tax sale certificate until the Court enters a judgment directing the City to execute and deliver such a deed in a proceeding that has been brought to foreclose all rights of redemption of the prior owner. A holder of a certificate may file a complaint in the Circuit Court for Baltimore City at any time after six months from the date of sale, but no later than two years from the date of the certificate. Failure to file a complaint within the two-year period will result in the certificate becoming void. Once the certificate becomes void, the purchaser ceases to have any right, title and interest in the property and any money received by the City from the tax sale is forfeited. Prior to any foreclosure of the right of redemption, the prior owner may continue in possession of the property, provided that a receiver for the property may be appointed in accordance with State and local law, and the prior owner may redeem the property by paying all taxes, whether or not in arrears, and any interest, penalties, and expenses relating to the sale as well as interest due at the rate of redemption accruing from the date of the tax sale. Until the Circuit Court has issued a judgment that forecloses all rights of redemption, the property shall continue to be assessed as though no sale had been made, and all taxes are additional liens against the property and are the responsibility of the prior owner. Payment of taxes assessed during the redemption period is not due and payable by the holder of the certificate until foreclosure of the right of redemption. If the prior owner does not redeem the property from tax sale and pay all outstanding taxes, no taxes, including the Special Taxes, will be collected by the City during the redemption period. Such amounts will be paid by the person holding the certificate on the property following foreclosure of the right of redemption. Upon the completion of the foreclosure of the right of redemption, the holder of the certificate may obtain from the City a deed to the property upon payment in full of all the taxes which are then due on the property, together with all taxes, interest and penalties accrued after the date of sale and the balance of the purchase price.

**No assurances can be given that the real property subject to tax sale will be sold or redeemed or, if sold or redeemed, that the proceeds of such sale or redemption will be sufficient to pay any delinquent real**

**property tax or Special Taxes. Neither the Enabling Acts nor the provisions of the Tax-Property Article of the Annotated Code of Maryland pertaining to tax sales require the City to pay the delinquent real property tax or Special Taxes relating to any lot or parcel of property offered for tax sale if there is no purchaser at such tax sale. The Special Taxing District Act specifies that Special Taxes have the same lien priority in the case of delinquency as *ad valorem* property taxes.**

If delinquencies in the payment of the Tax Increment Revenues exist, there could be a default or delay in payments to the Holders pending tax sale of property or foreclosure of redemption proceedings and receipt by the City of delinquent Tax Increment Revenues, if any. However, in the event that any Tax Increment Revenues are insufficient, the City may, within the limits of the Rate and Methods, the Ordinances, and the Enabling Acts, adjust the Special Taxes levied on all property within the applicable Special Taxing District in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay Debt Service on the Series 2015 Bonds secured thereby and to replenish the applicable account within the Reserve Fund. See “– Special Tax Revenues” above.

In addition, in the event that any Tax Increment Revenues are insufficient, the City has covenanted, subject to appropriation, to apply any Excess Tax Increment Revenues to the payment of Debt Service on the Series 2015 Bonds secured by such delinquent Tax Increment Revenues that is unable to be paid because of insufficient collection. See “– Excess Tax Increment Revenues” above.

The City tax rate, tax levy, and collections since Fiscal Year 2005 are as follows.

**CITY OF BALTIMORE**  
**Property Tax Levies and Collections**  
**(Dollars Expressed in Thousands)**

Fiscal Year	Tax Rate <sup>†</sup>	Total Tax Levy	Collected within the Fiscal Year of the Levy	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2005	\$2.328	\$548,552	\$529,074	96.4%	\$6,144	\$535,218	97.6%
2006	2.308	565,648	544,463	96.3	8,161	552,624	97.7
2007	2.288	599,534	577,759	96.4	6,776	584,535	97.5
2008	2.268	655,080	605,961	92.5	10,601	616,562	94.1
2009	2.268	728,359	671,869	92.2	16,238	688,107	94.5
2010	2.268	751,510	723,533	96.3	17,020	740,553	98.5
2011	2.268	777,332	750,144	96.5	26,879	777,023	99.9
2012	2.268	761,237	743,352	97.7	10,881	754,233	99.1
2013	2.268	763,106	732,467	96.0	10,910	743,377	97.4

Source: City of Baltimore

<sup>†</sup> Tax rate per each hundred dollars of assessed value

See “THE PLEDGED REVENUES – Delinquent Taxes” herein. There can be no assurance, however, that the real property tax collection experience of the City will be representative of the ability to collect the Pledged Revenues in the future. See “RISK FACTORS” herein. The tax rate is also subject to change. See “APPENDIX C – Certain Information Regarding the City.”

## OVERVIEW OF THE DISTRICTS

The information appearing below under this heading has been compiled by the Administrator from continuing disclosure reports submitted with respect to the Districts as required by the continuing disclosure agreements delivered in connection with the Prior Bonds and from other sources for inclusion in this Official Statement, and, although believed to be reliable, such information has not been independently verified by the City, the Underwriter, the Administrator or their counsel.

## Harborview

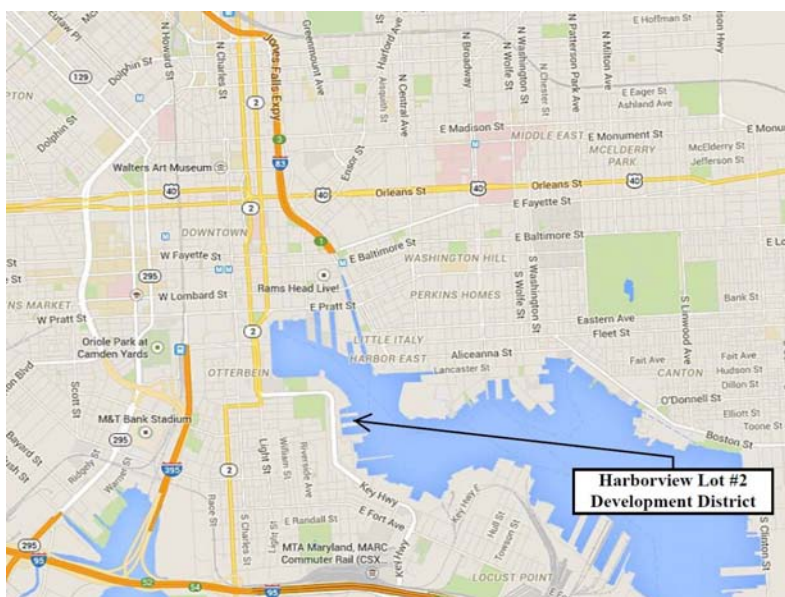
**General.** The Harborview Districts contain approximately 3.8 acres of residential property that is part of a larger 42-acre waterfront, mixed-use development located in South Baltimore, Maryland, known as “Harborview.” The development is located along Key Highway and is approximately ten minutes by foot along the Baltimore Inner Harbor promenade from the heart of downtown and Harborplace and the central business district, approximately 15 minutes by car from the Baltimore/Washington International Thurgood Marshall Airport, and approximately 30 minutes by car from the Washington, D.C. beltway.

On May 14, 2003, the City issued the Harborview Prior Bonds to finance certain public improvements, including the construction of a twenty-foot wide public promenade, an eight-foot wide landscaped area, and related amenities and access roads and ramps and the demolition of existing bulkheading and construction of new bulkheading, to support the construction of residential townhouse units by a private developer.

According to the United States Census Bureau’s American Community Survey issued April 2013, the estimated median household income for the prior 12 months (in 2013 inflation adjusted dollars) for the census tract in which the Harborview Districts are located is \$107,212, which is higher than the United States median household income of \$52,250 for the same period.

**Harborview Development Status.** The development located within the Harborview Districts is complete. Residents at the development have access to amenities such as a health club and a marina. The table below outlines the development in the Harborview Districts:

<u>Development</u>	<u>Units</u>	<u>Square feet per Unit</u>
Pier homes	58	2,300 - 4,900
Town homes	29	2,554 - 3,936
<b>TOTAL</b>	<b>87</b>	



## Strathdale

**General.** The Strathdale Districts contain approximately 20 acres that includes Frankford Estates, which is a residential development located within the Frankford neighborhood of the City. The Strathdale Districts are located in the eastern part of the City, more specifically on the east side of Frankford Avenue, between Sinclair Lane and Moravia Park Drive and Interstate 895.

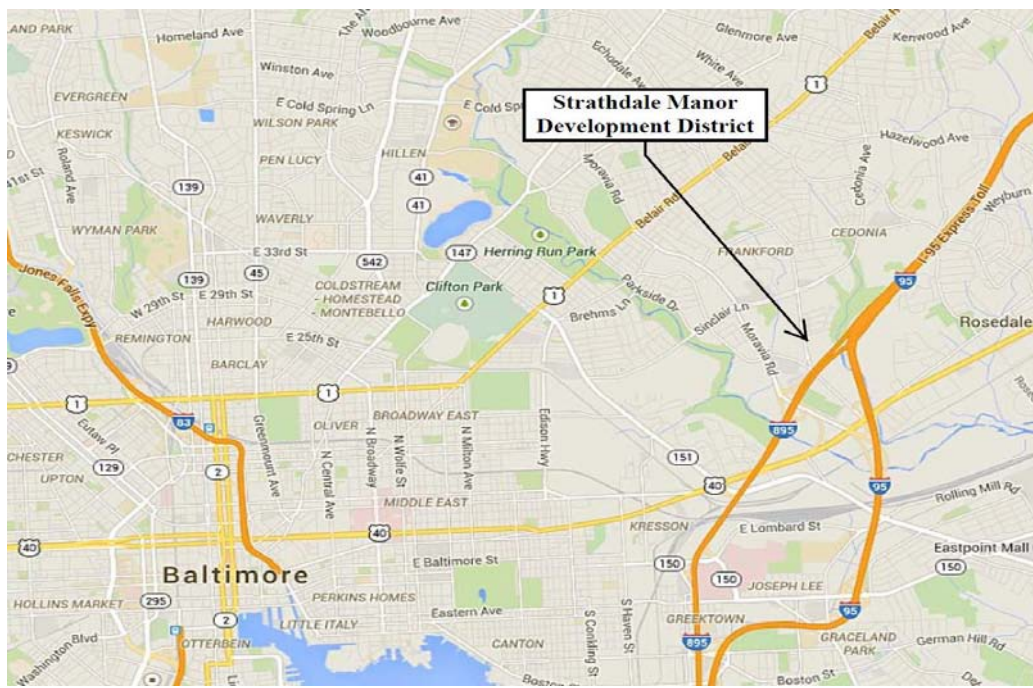
On August 20, 2003, the City issued the Strathdale Prior Bonds to finance certain public improvements, including the construction of certain road, water, wastewater and storm drainage facilities, to support the construction of a residential community by a private developer.

According to the United States Census Bureau's American Community Survey issued April 2013, the estimated median household income for the prior 12 months (in 2013 inflation adjusted dollars) for the census tract in which the Strathdale Districts are located is \$52,934, which is slightly higher than the United States median household income of \$52,250 for the same period.

***Strathdale Development Status.*** The development located within the Strathdale Districts is complete. It features various amenities including an approximately 2,600 square foot community center and a swimming pool.

The table below outlines the development in the Strathdale Districts:

<u>Product Type</u>	<u>Units</u>	<u>Square Feet Per Unit</u>
Single Family A	60	2,470
Single Family B	8	2,260
Duplex	54	2,004
Townhouse	48	2,003
<b>TOTAL</b>	<b>170</b>	



## Clipper Mill

***General.*** The Clipper Mill Districts contain approximately 17.2 acres, are located in the north-central section of the City known as Woodberry, and are part of the Clipper Mill development, a mixed-use project in the Jones Falls valley between Clipper Road, Parkdale Avenue, Druid Park Drive and Druid Hill Park.

On April 14, 2004, the City issued the Clipper Mill Prior Bonds to finance certain public improvements, including the construction of certain road, water, wastewater, storm drainage facilities or other related public infrastructure facilities, to support the construction of a private mixed-use development.

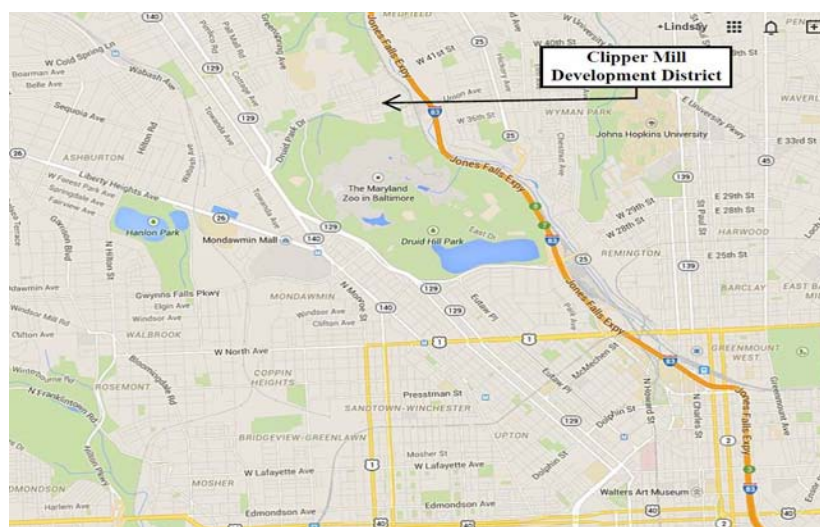
According to the United States Census Bureau's American Community Survey issued April 2013, the estimated median household income for the prior 12 months (in 2013 inflation adjusted dollars) for the census tract in which the Clipper Mill Districts are located is \$59,205, which is higher than the United States median household income of \$52,250 for the same period.

***Clipper Mill Development Status.*** Clipper Mill is a mixed-use community with a combination of historic buildings and new construction, located along a wooded stream valley adjacent to urban amenities. The developed buildings were eligible for state and federal historic tax credits. The variety of uses on the site provide a unique asset to the community with its varied housing types, opportunities for public transit use, recreational amenities and the opportunity to live and work on site. The development of the Clipper Mill Development District is complete except for the potential renovation of the 42,000 square foot Tractor Building, currently used as parking.

The table below outlines the existing development at Clipper Mill:

<u>Development</u>	<u>Use</u>
Foundry Building	artisan/office; 50,000 square feet
Poole & Hunt Building	artisan/office; 79,500 square feet
Stables Building	office; 7,500 square feet
Assembly Building	office (12,000 square feet) & 36 apartments
Tractor Building	unrenovated parking
Millrace Condominiums	62 condominiums
Townhouses	34 townhouses
Duplexes	36 duplexes
Single family	1 single family

As of January 2015, the final four duplexes and the one single family home have been completed and sold. The aggregate sales price of these five units, as reflected by SDAT records, was \$3,379,000.



## North Locust Point

***General.*** The North Locust Point Districts contain approximately 12 acres and are located in the south-central section of Baltimore, Maryland known as North Locust Point. The Locust Point neighborhood occupies the end of a peninsula, surrounded on three sides by water just west of the Inner Harbor area, and includes historic Fort McHenry. The development is minutes from historic Fells Point, Canton, and Federal Hill.

On August 25, 2005, the City issued the North Locust Point Prior Bonds to finance certain public improvements, including certain road improvements and other related infrastructure improvements, within the North Locust Point Districts.

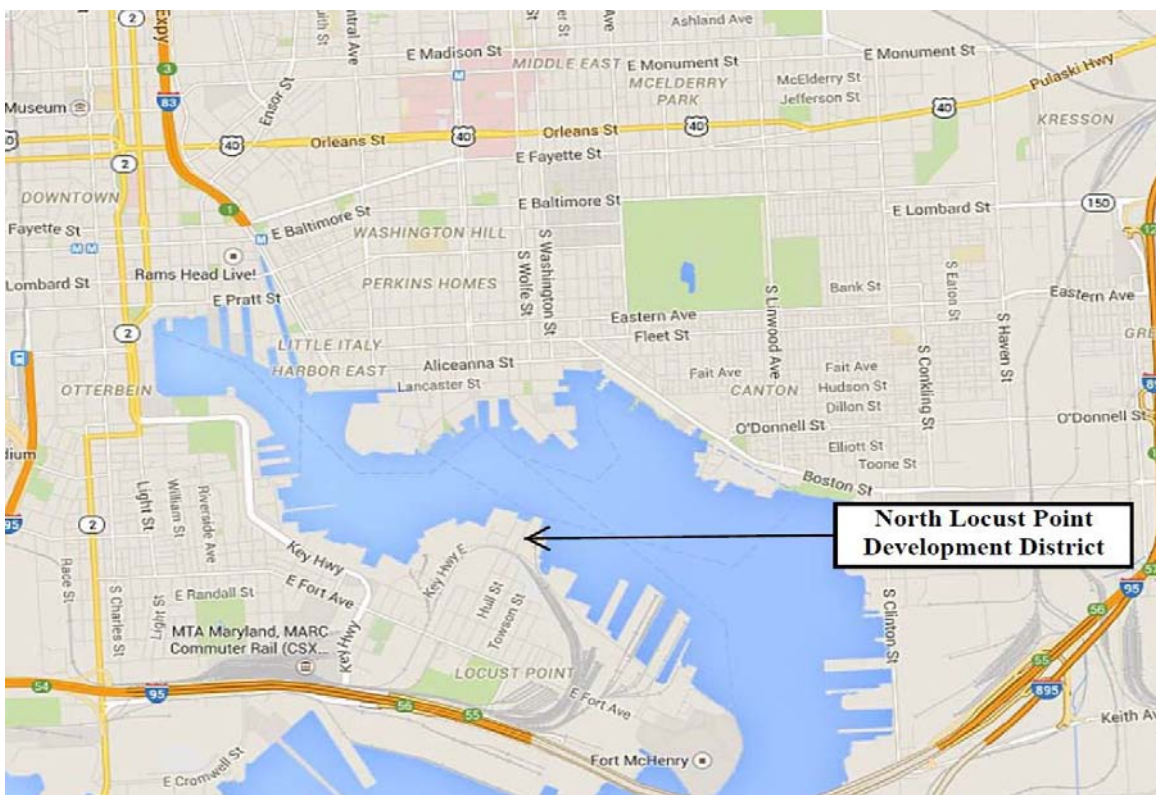


According to the United States Census Bureau's American Community Survey issued April 2013, the estimated median household income for the prior 12 months (in 2013 inflation adjusted dollars) for the census tract in which the North Locust Point Districts are located is \$105,329, which is higher than the United States median household income of \$52,250 for the same period.

**North Locust Point Development Status.** North Locust Point is the current headquarters for Under Armour, Inc. ("Under Armour"). Development in the North Locust Point Development District, which is comprised of a six-building office campus, is complete. Many of the applicable tax parcels are owned by affiliates of Under Armour. Under Armour has recently announced plans to relocate its headquarters to another part of the City of Baltimore; however, it has not provided any timetable for such plans.

The table below outlines the current development in the North Locust Point Districts:

<u>Land Use</u>	<u>Net Leasable Square Feet</u>
Retail	50,000
Office	925,000
Total commercial NLSF	975,000
Residential units	140



## THE PLEDGED REVENUES

### Assessed Values

**Aggregate Full Cash and Phased-In Assessed Value.** State law requires assessed values to be based on full cash value as established by selling prices in a market area. Since assessments are performed every three years, the Supervisor of Assessments is required to calculate a "phased-in" assessment value. For any increase in the full cash value of a property, excepting new construction, State law requires that the increase in value over the old value be "phased-in" over the succeeding three years. For example, if a property has an assessment of \$100,000 and receives a new assessment of \$130,000, as the new assessment is \$30,000 higher than the old assessment, the

\$30,000 is “phased-in” in equal amounts over the next three years so that the phased-in assessment value for the first year following the new assessment would be \$110,000, the phased-in assessment value for the second succeeding year would be \$120,000, and the third year phased-in assessment value would be \$130,000. See “SECURITY FOR THE SERIES 2015 BONDS – Assessment Procedures; Tax Credits” herein.

Unless new improvements are made to a property, each property in the State is assessed once every three years and as of January 1 of the assessment year. Property is reassessed for new improvements semi-annually.

The reassessment dates for the property in each Development District are as follows:

<b>Last Reassessment Year<sup>†</sup></b>	<b>Next Reassessment Year<sup>†</sup></b>	<b>District</b>
January 1, 2013	January 1, 2016	Strathdale
January 1, 2014	January 1, 2017	Clipper Mill
January 1, 2015	January 1, 2018	Harborview / North Locust Point

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

For purposes of this discussion of Pledged Revenues, unless otherwise indicated as the full cash assessed value, any reference to the assessed value of a parcel, District, or Districts in the aggregate is equal to the phased-in assessed value.

The total full cash assessed value of the taxable property in the Districts as of January 1, 2015, is \$236,969,400. The total phased-in assessed value of the taxable property in the Districts as of July 1, 2015, is \$221,369,136.

**Historical Assessed Value.** The following table outlines the total phased-in assessed value for the Development Districts for the past six years. The decrease in the aggregate phased-in assessed value in Fiscal Year 2011-12 reflects the significant decrease in assessed value attributable to the Clipper Mill Development District when reassessed as of January 1, 2011. This decrease is reflective of the downturn in the economy and the real estate sector which began in 2008. Incremental assessed values have increased by 13.5 percent since Fiscal Year 2010-11 and by 19.8 percent since Fiscal Year 2011-12 to more than offset earlier reductions. The increases have resulted from a combination of new development, the additional property added to the North Locust Point Development District, and increases in the assessed value of existing property.

<u>Fiscal Year</u>	<u>Phased-In Assessed Value<sup>†</sup></u>	<u>Percent Change</u>	<u>Base Value<sup>††</sup></u>	<u>Incremental Assessed Value<sup>†</sup></u>	<u>Percent Change</u>
FY 2010-11	\$191,817,881		\$ 6,175,800	\$185,642,081	
FY 2011-12 <sup>†††</sup>	186,529,443	-2.76%	10,591,700	175,937,743	-5.23%
FY 2012-13	193,089,060	3.52	10,591,700	182,497,360	3.73
FY 2013-14	201,979,900	4.60	10,591,700	191,388,200	4.87
FY 2014-15	209,731,562	3.84	10,591,700	199,139,862	4.05
FY 2015-16	221,369,136	5.55	10,591,700	210,777,436	5.84
<b>Since FY 2010-11</b>		<b>15.41%</b>			<b>13.54%</b>
<b>Since FY 2011-12</b>		<b>18.68%</b>			<b>19.80%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> Represents the aggregate Original Assessable Base as certified by the Supervisor of Assessments.

<sup>†††</sup> Fiscal Year 2011-12 values reflect the expansion of the North Locust Point Development District in 2011 and 2012. See “INTRODUCTION – Enabling Acts; Creation of Districts” herein.

Of the aggregate phased-in assessed value for the Development Districts in Fiscal Year 2015-16, \$87,510,700 is attributable to commercial property and \$133,858,436 is attributable to residential property. On an aggregate basis, at the time each Development District was created there were 62 tax parcels. Currently, SDAT reports that the Development Districts contain 413 tax parcels.

**Harborview.** The full cash assessed value for the Harborview Development District as of January 1, 2015, the last reassessment date, is \$71,408,900. The total phased-in assessed value for the Harborview Development District for Fiscal Year 2015-16 is \$63,080,298. Based on the current three-year cycle of reassessments, the Harborview Development District will be reassessed in 2018.

The table below outlines the total phased-in assessed value for the Harborview Development District for the past six years.

<u>Fiscal Year</u>	<u>Phased-In Assessed Value<sup>†</sup></u>	<u>Percent Change</u>	<u>Base Value<sup>††</sup></u>	<u>Incremental Assessed Value<sup>†</sup></u>	<u>Percent Change</u>
FY 2010-11	\$51,675,000		\$1,169,800	\$50,505,200	
FY 2011-12	57,549,000	11.37%	1,169,800	56,379,200	11.63%
FY 2012-13	59,948,000	4.17	1,169,800	58,778,200	4.26
FY 2013-14	59,743,167	-0.34	1,169,800	58,573,367	-0.35
FY 2014-15	60,239,200	0.83	1,169,800	59,069,400	0.85
FY 2015-16	63,080,298	4.72	1,169,800	61,910,498	4.81
<b>Since FY 2010-11</b>		<b>22.07%</b>			<b>22.58%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> Represents the aggregate Original Assessable Base as certified by the Supervisor of Assessments.

All of the assessed value for the Harborview Development District is attributable to residential property. At the time the Harborview Development District was created there were four tax parcels. According to SDAT, the Harborview Development District currently contains 89 tax parcels comprised of 87 condominium townhouses, one parking garage and one lot. Currently, 70% of the properties in the Harborview Development District are subject to the Targeted Homeowner's Tax Credit and the Homestead Property Tax Credit. The Tax Increment and Special Tax Report attached hereto as "APPENDIX B" assumes that this percentage will increase to 85%.

**Strathdale.** The full cash assessed value for the Strathdale Development District as of January 1, 2013, the last reassessment date, is \$34,104,400. The total phased-in assessed value for the Strathdale Development District for Fiscal Year 2015-16 is \$34,104,400. Based on the current three-year cycle of reassessments, the Strathdale Development District will be reassessed in 2016.

The table below outlines the total phased-in assessed value for the Strathdale Development District for the past six years.

<u>Fiscal Year</u>	<u>Phased-In Assessed Value<sup>†</sup></u>	<u>Percent Change</u>	<u>Base Value<sup>††</sup></u>	<u>Incremental Assessed Value<sup>†</sup></u>	<u>Percent Change</u>
FY 2010-11	\$40,846,633		\$0	\$40,846,633	
FY 2011-12	40,768,350	-0.19%	0	40,768,350	-0.19%
FY 2012-13	40,615,800	-0.37	0	40,615,800	-0.37
FY 2013-14	34,156,300	-15.90	0	34,156,300	-15.90
FY 2014-15	33,938,100	-0.64	0	33,938,100	-0.64
FY 2015-16	34,104,400	0.49	0	34,104,400	0.49
<b>Since FY 2010-11</b>		<b>-16.51%</b>			<b>-16.51%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> Represents the aggregate Original Assessable Base as certified by the Supervisor of Assessments.

The significant decrease in Fiscal Year 2013-14 of the assessed value of the Strathdale Development District is attributable to the downturn in the economy and real estate market which began in mid-2008 and to the triennial reassessment process. The Strathdale Development District was reassessed as of January 1, 2013, and prior to that as of January 1, 2010.

All of the assessed value for the Strathdale Development District is attributable to residential property. At the time the Strathdale Development District was created there were 11 tax parcels. According to SDAT, the Strathdale Development District currently contains 175 total tax parcels comprised of 170 townhomes, duplexes and single family residences. The Strathdale Development District also contains five non-taxable common area parcels.

For Fiscal Year 2014-2015, 92% of the improvement assessed value attributable to for-sale residential properties in the Strathdale Development District is subject to the Targeted Homeowner's Tax Credit. The Tax Increment and Special Tax Report attached hereto as "APPENDIX B" assumes that this percentage will increase to 95%. For Fiscal Year 2014-2015, 90% of the total assessed value attributable to for-sale residential properties in the Strathdale Development District is subject to the Homestead Credit. The Tax Increment and Special Tax Report



attached hereto as “APPENDIX B” assumes that properties that received a reduction in real property taxes as a result of the Homestead Credit for Fiscal Year 2014-2015 will continue to do so for as long as the projected tax levy exceeds the maximum levy as allowed under the Homestead Credit program.

**Clipper Mill.** The full cash assessed value for the Clipper Mill Development District as of January 1, 2014, the last reassessment date, is \$51,998,700. The total phased-in assessed value for the Clipper Mill Development District for Fiscal Year 2015-16 is \$48,312,638. Based on the current three-year cycle of reassessments, the Clipper Mill Development District will be reassessed in 2017.

The table below outlines the total phased-in assessed value for the Clipper Mill Development District for the past six years.

<u>Fiscal Year</u>	<u>Phased-In Assessed Value<sup>†</sup></u>	<u>Percent Change</u>	<u>Base Value<sup>††</sup></u>	<u>Incremental Assessed Value<sup>†</sup></u>	<u>Percent Change</u>
FY 2010-11	\$48,149,750		\$823,200	\$47,326,550	
FY 2011-12	32,616,993	-32.26%	823,200	31,793,793	-32.82%
FY 2012-13	34,344,859	5.30	823,200	33,521,659	5.43
FY 2013-14	37,174,400	8.24	823,200	36,351,200	8.44
FY 2014-15	41,465,862	11.54	823,200	40,642,662	11.81
FY 2015-16	48,312,638	16.51	823,200	47,489,438	16.85
<b>Since FY 2010-11</b>		<b>0.34%</b>			<b>0.34%</b>
<b>Since FY 2011-12</b>		<b>48.12%</b>			<b>49.37%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> Represents the aggregate Original Assessable Base as certified by the Supervisor of Assessments.

The significant decrease in the assessed value of the real property in the Clipper Mill Development District in Fiscal Year 2011-12 is attributable to the downturn in the economy and real estate market which began in mid-2008 and to the triennial reassessment process. The Clipper Mill Development District was reassessed as of January 1, 2008, and next assessed as of January 1, 2011. As such, the reassessment as of January 1, 2011, reflects the decrease in value over a three-year period.

The more recent increases are attributable to a combination of new development and increases in the assessed value of existing property. With the exception of one building currently used for parking, the Clipper Mill Development District is now built-out.

Of the total Fiscal Year 2015-16 assessed value for the Clipper Mill Development District, \$11,209,733 is attributable to commercial property and \$37,102,905 is attributable to residential property. At the time the Clipper Mill Development District was created there were 40 tax parcels. According to SDAT, the Clipper Mill Development District currently contains 140 tax parcels, of which 138 parcels are classified as residential, and two parcels are classified as commercial.

Currently 80% of the residential properties in the Clipper Mill Development District are subject to the Targeted Homeowner’s Tax Credit and the Homestead Property Tax Credit. The Tax Increment and Special Tax Report attached hereto as “APPENDIX B” assumes that this percentage will increase to 85%.

**North Locust Point.** The full cash assessed value for the North Locust Point Development District as of January 1, 2015, the last reassessment date, is \$79,457,400. The total phased-in assessed value for the North Locust Point Development District for Fiscal Year 2015-16 is \$75,871,800. Based on the current three-year cycle of reassessments, the North Locust Point Development District will be reassessed in 2018.

The table below outlines the total phased-in assessed value for the North Locust Point Development District for the past six years.

<u>Fiscal Year</u>	<u>Phased-In Assessed Value<sup>†</sup></u>	<u>Percent Change</u>	<u>Base Value<sup>††</sup></u>	<u>Incremental Assessed Value<sup>†</sup></u>	<u>Percent Change</u>
FY 2010-11	\$51,146,498		\$4,182,800	\$46,963,698	
FY 2011-12	55,595,100	8.70%	8,598,700	46,996,400	0.07%
FY 2012-13	58,180,401	4.65	8,598,700	49,581,701	5.50
FY 2013-14	70,906,033	21.87	8,598,700	62,307,333	25.67
FY 2014-15	74,088,400	4.49	8,598,700	65,489,700	5.11
FY 2015-16	75,871,800	2.41	8,598,700	67,273,100	2.72
<b>Since FY 2010-11</b>		<b>48.34%</b>			<b>43.24%</b>
<b>Since FY 2011-12</b>		<b>36.47%</b>			<b>43.15%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> Represents the aggregate Original Assessable Base as certified by the Supervisor of Assessments.

All of the assessed value for the North Locust Point Development District is attributable to commercial property. At the time the North Locust Point 2003 Development District was created there were seven tax parcels. According to SDAT, the North Locust Point Development District currently contains nine parcels subject to real property taxes. The increases in the Assessable Base in Fiscal Year 2011-12 and the Phased-In Assessed Value beginning Fiscal Year 2013-14 are largely attributable to the additional taxable parcels added when the North Locust Point Development District expanded in 2011.

### **Total Incremental Tax Revenues**

For purposes of estimating and reporting Tax Increment Revenues, the phased-in assessed value is used since such values, updated as of July 1 annually for the term between triennial reassessments, is used to determine the real property tax obligation.

Based on certificates of the Supervisor of Assessments as to the Original Assessable Base of each Development District, the total phased-in assessed value for the four Districts (as described above), and estimates of application of certain tax credits (as further described herein and in “APPENDIX B – Tax Increment and Special Tax Report”), the total estimated Tax Increment Revenues for Fiscal Year 2015-16 would be \$3,931,569, calculated as shown in the following table:

<u>Assessed Value<sup>†</sup></u>	<u>Original Assessable Base<sup>†</sup></u>	<u>Incremental Assessed Value<sup>†</sup></u>	<u>Tax Rate (Per \$100)</u>	<u>Net Incremental Tax Revenues<sup>††</sup></u>
\$221,369,136	(\$10,591,700)	\$210,777,436	\$2.248	\$3,931,569

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> The calculation of aggregate Net Incremental Tax Revenues includes adjustments for applicable tax credits and an assumed 2% reduction for delinquencies. See “APPENDIX B – Tax Increment and Special Tax Report.”

The estimated Tax Increment Revenues for Fiscal Year 2015-16 generated by each Development District are described below.

The Original Assessable Base for the Harborview Development District is \$1,169,800. Using the phased-in assessed values described above and an assumed total tax rate of \$2.248 per \$100 of assessed value, and including certain assumptions regarding tax credits available to the owners of real property in the Harborview Development District as described in “APPENDIX B – Tax Increment and Special Tax Report,” the estimated Tax Increment Revenues for Fiscal Year 2015-16 are \$1,148,331. See “APPENDIX B – Tax Increment and Special Tax Report” for a description of the assumptions, including potential tax credits, used to generate such estimate and “SECURITY FOR THE SERIES 2015 BONDS – Assessment Procedures; Tax Credits” herein for a description of the tax credits.

The Original Assessable Base of the Strathdale Development District is \$0 because the City, as of the date of calculation, was the owner of all of the applicable property. Using the phased-in assessed values described above and an assumed total tax rate of \$2.248 per \$100 of assessed value, and including certain assumptions regarding tax credits available to the owners of real property in the Strathdale Development District as described in

“APPENDIX B – Tax Increment and Special Tax Report,” the estimated Tax Increment Revenues for Fiscal Year 2015-16 are \$691,378. See “APPENDIX B – Tax Increment and Special Tax Report” for a description of the assumptions, including potential tax credits, used to generate such estimate and “SECURITY FOR THE SERIES 2015 BONDS – Assessment Procedures; Tax Credits” herein for a description of the tax credits.

The Original Assessable Base for the Clipper Mill Development District is \$823,200. Using the phased-in assessed values described above and an assumed total tax rate of \$2.248 per \$100 of assessed value, and including certain assumptions regarding certain tax credits available to the owners of real property in the Clipper Mill Development District as described in “APPENDIX B – Tax Increment and Special Tax Report,” the estimated Tax Increment Revenues for Fiscal Year 2015-16 are \$821,759. See “APPENDIX B – Tax Increment and Special Tax Report” for a description of the assumptions, including potential tax credits, used to generate such estimate and “SECURITY FOR THE SERIES 2015 BONDS – Assessment Procedures; Tax Credits” herein for a description of the tax credits.

The Original Assessable Base for the North Locust Point 2003 Development District is \$4,182,800. The Original Assessable Base for the North Locust Point Development District (after the district was expanded in 2011 and 2012) is \$8,598,700. See “INTRODUCTION – Enabling Acts; Creation of Districts” herein. Using the phased-in assessed values described above and an assumed total tax rate of \$2.248 per \$100 of assessed value, and including certain assumptions regarding certain tax credits available to the owners of real property in the North Locust Point Development District as described in “APPENDIX B – Tax Increment and Special Tax Report,” the estimated Tax Increment Revenues for Fiscal Year 2015-16 are \$1,270,101. See “APPENDIX B – Tax Increment and Special Tax Report” for a description of the assumptions, including potential tax credits, used to generate such estimate and “SECURITY FOR THE SERIES 2015 BONDS – Assessment Procedures; Tax Credits” herein for a description of the tax credits.

### Debt Service Coverage

The following table summarizes the estimated debt service coverage for the Districts on an aggregate basis for Fiscal Year 2014-15, the historical debt service coverage for Fiscal Years 2010-11 through 2013-14, and historical pro-forma debt service coverage based on the projected Debt Service for the Series 2015 Bonds during the Fiscal Year beginning July 1, 2015, and ending June 30, 2016.

	<b>FY14-15</b> <b>Estimated<sup>(1)</sup></b>	<b>FY13-14</b> <b>Actual<sup>(1)</sup></b>	<b>FY12-13</b> <b>Actual<sup>(1)</sup></b>	<b>FY11-12</b> <b>Actual<sup>(1)</sup></b>	<b>FY10-11</b> <b>Actual<sup>(1)</sup></b>
Tax Increment Revenues (TIF-Revs)	\$4,476,749	\$4,314,675	\$4,140,298	\$3,990,267	\$4,202,335
Less: Tax Credits	(594,935)	(633,447)	(1,522,990)	(1,458,650)	(1,436,526)
<b>Net TIF-Revs</b>	<b>\$3,881,814</b>	<b>\$3,681,228</b>	<b>\$2,617,308</b>	<b>\$2,531,617</b>	<b>\$2,765,810</b>
Historical Debt Service					
Principal	492,000	444,000	397,000	355,000	315,000
Interest	1,423,755	1,452,010	1,477,229	1,499,723	1,519,631
City Expenses	80,000	80,000	80,000	80,000	80,000
Less: Reserve Fund Income	0	0	0	0	(23,631)
<b>Total Debt Service<sup>(2)(3)</sup></b>	<b>\$1,995,755</b>	<b>\$1,976,010</b>	<b>\$1,954,229</b>	<b>\$1,934,723</b>	<b>\$1,891,000</b>
<b>Debt Service Coverage (TIF-Revs)</b>	<b>194.5%</b>	<b>186.3%</b>	<b>133.9%</b>	<b>130.9%</b>	<b>146.3%</b>
<b>Pro-Forma Debt Service Coverage</b>					
Pro-Forma Debt Service	\$1,707,749	\$1,707,749	\$1,707,749	\$1,707,749	\$1,707,749
<b>Debt Service Coverage (TIF-Revs)</b>	<b>227.3%</b>	<b>215.6%</b>	<b>160.1%</b>	<b>155.5%</b>	<b>162.0%</b>
Maximum Special Tax (MST)	\$2,708,873	\$2,673,555	\$2,638,936	\$2,604,996	\$2,571,721
<b>Historic Debt Service Coverage<sup>(4)</sup> (MST)</b>	<b>135.7%</b>	<b>135.3%</b>	<b>135.0%</b>	<b>134.6%</b>	<b>136.0%</b>

<sup>(1)</sup> Financial information for Fiscal Years 2010-11 through 2014-15 is based on information provided in the annual Continuing Disclosure Reports for the applicable Districts.

<sup>(2)</sup> Information on this line is based on the debt service for the applicable series of Prior Bonds except for Fiscal Year 2015-16, which is calculated by adding the debt service on the applicable series of Prior Bonds through the date of issuance of the Series 2015 Bonds, to proposed Debt Service on the Series 2015 Bonds for the remainder of the Bond Year.

<sup>(3)</sup> Special Taxes were collected from the Clipper Mill Special Taxing District in the amount of \$116,276 in Fiscal Year 2012-13 and \$123,668 in Fiscal Year 2011-12. No Special Taxes were collected from the Clipper Mill Special Taxing District in any other Fiscal Year or from any of the other Special Taxing Districts.

<sup>(4)</sup> “Historic Debt Service Coverage” calculated using debt service payments due on the Prior Bonds in the aggregate for the applicable fiscal year.

The Tax Increment and Special Tax Report attached hereto as APPENDIX B contains a “Scenario A” and “Scenario B,” which calculate projected Tax Increment Revenues through the term of the Series 2015 Bonds based on different assumptions. The projections in Scenario A are calculated using the Tax Increment Revenues available in the Fiscal Year ending June 30, 2015, as a base and no other changes except the following: (1) the phase-in to the full cash assessed values of the taxable properties in the Development District as already assessed by SDAT, (2) the phase-out of limited duration tax credits, (3) certain assumed increases in tax credits as more properties potentially become eligible for homeownership credits and the value of these credits increase, and (4) an assumed 2% collection loss rate (which is substantially higher than the collection loss rate observed within the Development Districts in the past – see “– Delinquent Taxes” below). The calculation for Scenario B is the same as Scenario A except that it assumes a 2% annual increase in the full cash assessed values of each of the taxable properties in the Development Districts. See “APPENDIX B – Tax Increment and Special Tax Report” for more details on these assumptions and the calculations.

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The following is “Table I-C (Projected Debt Service Coverage – Scenario A)” from the Tax Increment and Special Tax Report attached hereto as APPENDIX B and contains, with respect to the Bond Year in which Maximum Annual Debt Service occurs and using the assumptions set forth in Scenario A, (i) the estimated debt service coverage in the aggregate and (ii) the estimated debt service coverage for each allocable portion of the Series 2015 Bonds.

**Projected Debt Service Coverage  
(Scenario A)**

<u>Development District</u>	<u>Maximum Annual Debt Service<sup>†</sup></u>	<u>Projected Tax Increment Revenues<sup>††</sup></u>	<u>Debt Service Coverage</u>
<b>Scenario A:</b>			
Clipper Mill	\$ 724,500	\$1,058,883	146.2%
Harborview	562,000	1,445,936	257.3
Strathdale	593,250	673,183	113.5
North Locust Point	224,250	1,561,045	696.1
<b>Total (Scenario A)</b>	<b>\$2,104,000</b>	<b>\$4,739,047</b>	<b>225.2%</b>

<sup>†</sup> Includes projected principal and interest only. Refers to the Maximum Annual Debt Service for the portion of the Series 2015 Bonds secured by the applicable Development District. See “APPENDIX B – Tax Increment and Special Tax Report” for more detail with respect to these amounts.

<sup>††</sup> See “APPENDIX B – Tax Increment and Special Tax Report” for more detail with respect to the calculation of projected Tax Increment Revenues.

With respect to the Bond Year in which Maximum Annual Debt Service occurs, the following table shows the projected debt service coverage under Scenario A assuming the Tax Increment Revenues from a particular Development District is reduced to zero (if, for example, the properties in such Development District were totally destroyed and not rebuilt or if all of the property owners in such Development District did not make any property tax payments).

**Projected Debt Service Coverage – Net of Individual Development District  
(Scenario A)**

<u>Assuming zero Tax Increment Revenues from:</u>	<u>Total Maximum Annual Debt Service<sup>†</sup></u>	<u>Remaining Projected Tax Increment Revenues<sup>††</sup></u>	<u>Debt Service Coverage</u>
The Clipper Mill Development District	\$2,104,000	\$3,680,164	174.9%
The Harborview Development District	2,104,000	3,293,111	156.5
The Strathdale Development District	2,104,000	4,065,864	193.2
The North Locust Point Development District	2,104,000	3,178,001	151.0

<sup>†</sup> Refers to “Total” from previous chart.

<sup>††</sup> See “APPENDIX B – Tax Increment and Special Tax Report” for more detail with respect to the calculation of projected Tax Increment Revenues.

The following table shows the projected debt service coverage under Scenario A through the term of the Series 2015 Bonds.

Bond Period Ending (June 15)	Projected Debt Service + City Expenses <sup>†</sup>	PROJECTED TAX INCREMENT REVENUES <sup>††</sup>			MAXIMUM SPECIAL TAXES <sup>††</sup>	
		Revenues	Surplus	Debt Service Coverage	Maximum Special Taxes	Debt Service Coverage
2016	\$1,789,349	\$3,931,569	\$2,142,220	220%	\$2,744,891	153%
2017	1,815,682	4,136,248	2,320,566	228	2,781,629	153
2018	1,841,347	4,234,714	2,393,368	230	2,819,102	153
2019	1,859,845	4,349,554	2,489,710	234	2,857,324	154
2020	1,882,576	4,467,052	2,584,475	237	2,896,310	154
2021	1,912,093	4,555,714	2,643,621	238	2,936,077	154
2022	1,932,895	4,605,648	2,672,753	238	2,976,638	154
2023	1,965,233	4,638,998	2,673,765	236	3,018,011	154
2024	1,993,357	4,739,047	2,745,689	238	3,060,211	154
2025	2,017,270	4,739,047	2,721,777	235	3,103,255	154
2026	2,041,970	4,739,047	2,697,077	232	3,147,160	154
2027	2,077,209	4,739,047	2,661,837	228	3,191,944	154
2028	2,102,239	4,739,047	2,636,808	225	3,237,623	154
2029	2,122,308	4,739,047	2,616,738	223	3,284,215	155
2030	2,157,419	4,739,047	2,581,627	220	3,331,739	154
2031	731,070	4,739,047	4,007,977	648	1,112,834	152
2032	746,756	4,739,047	3,992,291	635	1,135,090	152
2033	760,206	4,739,047	3,978,840	623	1,157,792	152
<b>TOTAL</b>	<b>\$31,748,824</b>	<b>\$82,309,967</b>	<b>\$50,561,139</b>		<b>\$48,791,845</b>	

<sup>†</sup> Includes estimated City Expenses as indicated in "APPENDIX B – Tax Increment and Special Tax Report."

<sup>††</sup> See "APPENDIX B – Tax Increment and Special Tax Report" for more detail with respect to the calculation of these amounts.

The following table shows the projected debt service coverage under Scenario B through the term of the Series 2015 Bonds.

Bond Period Ending (June 15)	Projected Debt Service + City Expenses <sup>†</sup>	PROJECTED TAX INCREMENT REVENUES <sup>††</sup>			MAXIMUM SPECIAL TAXES <sup>††</sup>	
		Revenues	Surplus	Debt Service Coverage	Maximum Special Taxes	Debt Service Coverage
2016	\$1,789,349	\$3,931,569	\$2,142,220	220%	\$2,744,891	153%
2017	1,815,682	4,151,274	2,335,592	229	2,781,629	153
2018	1,841,347	4,269,363	2,428,016	232	2,819,102	153
2019	1,859,845	4,441,083	2,581,239	239	2,857,324	154
2020	1,882,576	4,617,632	2,735,056	245	2,896,310	154
2021	1,912,093	4,767,570	2,855,477	249	2,936,077	154
2022	1,932,895	4,940,894	3,008,000	256	2,976,638	154
2023	1,965,233	5,120,274	3,155,041	261	3,018,011	154
2024	1,993,357	5,383,272	3,389,915	270	3,060,211	154
2025	2,017,270	5,524,564	3,507,295	274	3,103,255	154
2026	2,041,970	5,649,706	3,607,737	277	3,147,160	154
2027	2,077,209	5,767,367	3,690,158	278	3,191,944	154
2028	2,102,239	5,887,382	3,785,143	280	3,237,623	154
2029	2,122,308	6,009,796	3,887,488	283	3,284,215	155
2030	2,157,419	6,134,659	3,977,239	284	3,331,739	154
2031	731,070	6,262,019	5,530,949	857	1,112,834	152
2032	746,756	6,391,926	5,645,170	856	1,135,090	152
2033	760,206	6,524,431	5,764,225	858	1,157,792	152
<b>TOTAL</b>	<b>\$31,748,824</b>	<b>\$95,774,781</b>	<b>\$64,025,960</b>		<b>\$48,791,845</b>	

<sup>†</sup> Includes estimated City Expenses as indicated in "APPENDIX B – Tax Increment and Special Tax Report."

<sup>††</sup> See "APPENDIX B – Tax Increment and Special Tax Report" for more detail with respect to the calculation of these amounts.

Complete projections of the Tax Increment Revenues, the Special Tax Revenues, the Excess Tax Increment Revenues and debt service coverage through the term of the Series 2015 Bonds (as a whole) and for the portion of the Series 2015 Bonds secured by the Harborview Security, after giving effect to the refunding of the Harborview

Prior Bonds; the portion of the Series 2015 Bonds secured by the Strathdale Security, after giving effect to the refunding of the Strathdale Prior Bonds; the portion of the Series 2015 Bonds secured by the Clipper Mill Security, after giving effect to the refunding of the Clipper Mill Prior Bonds; and the portion of the Series 2015 Bonds secured by the North Locust Point Security, after giving effect to the refunding of the North Locust Point Prior Bonds, respectively, can be found in “APPENDIX B – Tax Increment and Special Tax Report.”

## Volatility Ratios

For purposes of calculating the volatility ratio, the phased-in assessed value is used since such value, updated as of July 1 annually for the term between triennial reassessments, is used to determine the real property tax obligation. The calculation of the volatility ratio is a measure of how a change in assessed value will affect Tax Increment Revenues.

The volatility ratio for the Development Districts on an aggregate basis is shown below using the aggregate of the Original Assessable Base for the Development Districts and the total phased-in assessed value of the taxable property within the Development Districts for the fiscal year 2015-16.

Volatility Ratio	=	$\frac{\text{Original Assessable Base}^{\dagger}}{\text{Phased-In Assessed Value}^{\dagger\dagger}}$	=	$\frac{\$10,591,700}{\$221,369,136}$	=	0.048
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<sup>†</sup> Represents the aggregate Original Assessable Base as certified by the Supervisor of Assessments.

<sup>††</sup> Source: Maryland State Department of Assessments and Taxation.

With a volatility ratio of 0.048, a reduction in assessed value of 1.00 percent would reduce the Tax Increment Revenues by 1.050 percent.

The volatility ratio for each of the Development Districts is as follows:

	<u>Original Assessable Base<sup>†</sup></u>	<u>Phased-In Assessed Value<sup>††</sup></u>	<u>Volatility Ratio</u>
Harborview	\$1,169,800	\$63,080,298	.019
Strathdale	0	34,104,400	.000
Clipper Mill	823,200	48,312,638	.017
North Locust Point	8,598,700	75,871,800	.113

<sup>†</sup> Represents the Original Assessable Base as certified by the Supervisor of Assessments.

<sup>††</sup> Source: Maryland State Department of Assessments and Taxation.

## Value to Bonds

The calculation of the aggregate “value to bonds” ratio using the full cash assessed value of the taxable property within the Development Districts for the fiscal year 2015-16 and the principal amount of the Series 2015 Bonds is shown below:

Value to Bonds	=	$\frac{\text{Full Cash Assessed Value}^{\dagger}}{\text{Series 2015 Bonds}}$	=	$\frac{\$236,969,400}{\$20,195,000}$	=	11.7 to 1
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<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

The “value to bonds” ratio for each Development District is as follows:

	<u>Full Cash Assessed Value<sup>†</sup></u>	<u>Series 2015 Bonds<sup>*</sup></u>	<u>Value to Bonds Ratio</u>
Harborview	\$71,408,900	\$5,830,000	12.25 to 1
Strathdale	34,104,400	5,230,000	6.52 to 1
Clipper Mill	51,998,700	6,820,000	7.62 to 1
North Locust Point	79,457,400	2,315,000	34.32 to 1

<sup>\*</sup> Represents the portion of Series 2015 Bonds secured thereby.

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

## Top Ten Taxpayers

The table below shows the ten largest taxpayers within the Development Districts on an aggregate basis and projected debt service coverage in Fiscal Year 2015-16 without such taxpayers.

<u>Top Ten Taxpayers</u> <sup>†</sup>	<u>Assessed Value</u> <sup>†</sup>	<u>Percent of Total Assessed Value</u>	<u>Net Incremental Tax Revenues</u> <sup>††</sup>	<u>Percent of Total Net Incremental Tax Revenues</u>
UA Locust Pt Holding LLC / UA Locust Holding LLC <sup>†††</sup>	\$58,428,967	26.39%	\$1,196,568	30.43%
Clipper Redevelopment Co., LLC	11,209,733	5.06	159,987	4.07
Harborview Residential Owner	2,790,433	1.26	61,268	1.56
P&G Warehouse LLP	16,075,433	7.26	51,155	1.30
Harborview Residential Owner	1,803,300	0.81	39,587	1.01
Harborview Residential Owner	1,802,300	0.81	39,566	1.01
Harborview Residential Owner	1,144,200	0.52	25,118	0.64
Harborview Residential Owner	1,089,333	0.49	23,914	0.61
Harborview Residential Owner	1,064,533	0.48	23,369	0.59
UA Hull Street II, LLC/UA Hull Street <sup>†††</sup>	968,600	0.44	19,836	0.50
<b>Total Top Ten Taxpayers</b>	<b>\$96,376,832</b>	<b>43.54%</b>	<b>\$1,640,358</b>	<b>41.72%</b>
<b>Total all Districts</b>	<b>\$221,369,136</b>	<b>100.00%</b>	<b>\$3,931,569</b>	<b>100.00%</b>
TIF Revenues less Top Ten Taxpayers			\$2,291,211	
FY2015-16 Debt Service (Series 2015 Bonds)			\$1,707,749	
<b>Coverage without Top Ten Taxpayers</b>			<b>134.17%</b>	

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> The calculation of total Net Incremental Tax Revenues for the Development Districts includes adjustments for base value, applicable tax credits and an assumed 2% reduction for delinquencies. See "APPENDIX B – Tax Increment and Special Tax Report." The Net Incremental Tax Revenues for individual commercial properties include adjustments for applicable tax credits. The Net Incremental Tax Revenues for the residential owners listed above do not include any adjustments.

<sup>†††</sup> UA Locust Pt Holding LLC / UA Locust Holding LLC and UA Hull Street II, LLC/UA Hull Street each are affiliates of Under Armour.

The table below shows the top ten largest taxpayers within the Harborview Development District.

<u>Top Ten Taxpayers</u>	<u>Assessed Value</u> <sup>†</sup>	<u>Percent of Total Assessed Value</u>	<u>Net Incremental Tax Revenues</u> <sup>††</sup>	<u>Percent of Total Net Incremental Tax Revenues</u>
Individual Owner	\$2,790,433	4.42%	\$61,258	5.53%
Individual Owner	1,803,300	2.86	39,587	3.45
Individual Owner	1,802,300	2.86	39,566	3.45
Individual Owner	1,144,200	1.81	25,118	2.19
Individual Owner	1,089,333	1.73	23,914	2.08
Individual Owner	1,064,533	1.69	23,369	2.04
Individual Owner	926,200	1.47	20,333	1.77
Individual Owner	914,233	1.45	20,070	1.75
Individual Owner	903,467	1.43	19,834	1.73
Individual Owner	881,667	1.40	19,355	1.69
<b>Total Top Ten Taxpayers</b>	<b>\$13,319,666</b>	<b>21.12%</b>	<b>\$292,404</b>	<b>25.46%</b>
<b>Total District</b>	<b>\$63,080,298</b>		<b>\$1,148,331</b>	<b>100.00%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> The calculation of total Net Incremental Tax Revenues for the Harborview Development District includes adjustments for base value, applicable tax credits and an assumed 2% reduction for delinquencies. See "APPENDIX B – Tax Increment and Special Tax Report." The Net Incremental Tax Revenues for individual owners listed above do not include any adjustments.

The table below shows the top ten largest taxpayers within the Strathdale Development District.

<u>Top Ten Taxpayers</u>	<u>Assessed Value</u> <sup>†</sup>	<u>Percent of Total Assessed Value</u>	<u>Net Incremental Tax Revenues</u> <sup>††</sup>	<u>Percent of Total Net Incremental Tax Revenues</u>
Individual Owner	\$298,500	0.88%	\$6,677	0.97%
Individual Owner	285,200	0.84	6,379	0.92
Individual Owner	281,200	0.82	6,290	0.91
Individual Owner	280,400	0.82	6,272	0.91
Individual Owner	278,900	0.82	6,238	0.90
Individual Owner	276,600	0.81	6,187	0.89
Individual Owner	275,200	0.81	6,156	0.89
Individual Owner	275,000	0.81	6,151	0.89
Individual Owner	272,000	0.80	6,084	0.88
Individual Owner	262,500	0.77	5,871	0.85
<b>Total Top Ten Taxpayers</b>	<b>\$2,785,500</b>	<b>8.17%</b>	<b>\$62,305</b>	<b>9.01%</b>
<b>Total District</b>	<b>\$34,104,400</b>		<b>\$691,378</b>	<b>100.00%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> The calculation of total Net Incremental Tax Revenues for the Strathdale Development District includes adjustments for base value, applicable tax credits and an assumed 2% reduction for delinquencies. See "APPENDIX B – Tax Increment and Special Tax Report." The Net Incremental Tax Revenues for individual owners listed above do not include any adjustments.

The table below shows the top ten largest taxpayers within the Clipper Mill Development District.

<u>Top Ten Taxpayers</u>	<u>Assessed Value</u> <sup>†</sup>	<u>Percent of Total Assessed Value</u>	<u>Net Incremental Tax Revenues</u> <sup>††</sup>	<u>Percent of Total Net Incremental Tax Revenues</u>
Clipper Redevelopment Co., LLC <sup>†††</sup>	\$11,209,733	22.30%	\$159,987	19.47%
Individual Owner	651,500	1.35	14,324	1.74
Individual Owner	647,400	1.34	14,234	1.73
Individual Owner	643,600	1.33	14,151	1.72
Individual Owner	643,600	1.33	14,151	1.72
Individual Owner	605,300	1.25	13,308	1.62
Individual Owner	556,233	1.15	12,230	1.49
Individual Owner	517,100	1.07	11,369	1.38
Individual Owner	508,533	1.05	11,181	1.36
Individual Owner	494,033	1.02	10,862	1.32
<b>Total Top Ten Taxpayers</b>	<b>\$16,477,032</b>	<b>34.11%</b>	<b>\$275,797</b>	<b>33.56%</b>
<b>Total District</b>	<b>\$48,312,638</b>		<b>\$821,759</b>	<b>100.00%</b>

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>††</sup> The calculation of total Net Incremental Tax Revenues for the Clipper Mill Development District includes adjustments for applicable tax credits and an assumed 2% reduction for delinquencies. See "APPENDIX B – Tax Increment and Special Tax Report." The Net Incremental Tax Revenues for the commercial property listed above include adjustments for applicable tax credits. The Net Incremental Tax Revenues for individual owners listed above do not include any adjustments.

<sup>†††</sup> Clipper Redevelopment Co., LLC, owns the Stables Building, the Foundry Building, the Poole & Hunt Building, and the Assembly Building, which, in aggregate, encompass approximately 149,000 square feet of office space and 36 apartment units.

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The table below shows the four taxpayers that own all of the property within the North Locust Point Development District.

<u>Taxpayers<sup>†</sup></u>	<u>Assessed Value<sup>††</sup></u>	<u>Percent of Total Assessed Value</u>	<u>Net Incremental Tax Revenues<sup>†††</sup></u>	<u>Percent of Total Net Incremental Tax Revenues</u>
UA Locust Pt Holding LLC / UA Locust Holding LLC	\$58,428,967	77.01%	\$1,196,568	94.21%
P&G Warehouse LLP	16,075,433	21.19	51,155	4.03
UA Hull Street II, LLC/ UA Hull Street	968,600	1.28	19,836	1.56
UA Cheer Parking Lot LLC	398,800	0.53	2,542	0.20
<b>Total Top Four Taxpayers</b>	<b>\$75,871,800</b>	<b>100.00%</b>	<b>\$1,270,101</b>	<b>100.00%</b>
<b>Total District</b>	<b>\$75,871,800</b>	<b>100.00%</b>	<b>\$1,270,101</b>	<b>100.00%</b>

<sup>†</sup> UA Locust Pt Holding LLC / UA Locust Holding LLC and UA Hull Street II, LLC/UA Hull Street each are affiliates of Under Armour.

<sup>††</sup> Source: Maryland State Department of Assessments and Taxation.

<sup>†††</sup> The calculation of total Net Incremental Tax Revenues for the North Locust Point Development District includes adjustments for applicable tax credits and an assumed 2% reduction for delinquencies. See "APPENDIX B – Tax Increment and Special Tax Report." The Net Incremental Tax Revenues for the commercial properties listed above include adjustments for applicable tax credits.

### Properties under Appeal

As provided by SDAT, the table below lists the only properties within all of the Development Districts for which the assessed value is currently under appeal for the tax year 2015-16.

<u>Parcel ID<sup>†</sup></u>	<u>Development District</u>	<u>Full Cash Value as of 1/1/2014<sup>†</sup></u>	<u>Phased-In Assessed Value 7/1/2015<sup>†</sup></u>	<u>Parcel Owner<sup>†</sup></u>
13-04-3390B-090	Clipper Mill	\$10,811,000	\$10,411,400	Clipper Redevelopment LLC
13-04-3390B-105	Clipper Mill	572,400	493,600	Residential Owner
<b>Total</b>		<b>\$11,383,400</b>	<b>\$10,905,000</b>	

<sup>†</sup> Source: Maryland State Department of Assessments and Taxation.

### Delinquent Taxes

According to the Baltimore City Department of Collections, as of February 2015, no delinquent taxes were outstanding for any of the fiscal years prior to Fiscal Year 2013-2014, and with respect to Fiscal Year 2013-14, only \$1,043 (0.03%) remained outstanding with respect to the Districts.

The table below lists the current tax parcels in the Districts with the corresponding delinquent taxes including penalties and interest as of February 2015 for Fiscal Year 2014-15.

<u>Development District</u>	<u>Amount Billed<sup>†</sup></u>	<u>Total<sup>†</sup></u>
Clipper Mill	\$ 35.97	\$ 43.68
	5,265.56	6,252.89
	4,897.54	12.85
Harborview	8,698.05	10,571.87
	17,875.20	10,343.83
	13,284.36	15,868.98
<b>Total</b>	<b>\$50,056.68</b>	<b>\$43,094.10</b>
<b>Percentage</b>		<b>1.7%</b>

<sup>†</sup> Source: Baltimore City Department of Collections. Total includes outstanding State taxes.

There were no delinquent taxes with respect to the Strathdale Districts or the North Locust Point Districts for fiscal year 2014-15.

By comparison, according to the Baltimore City Department of Collections, as of February 2014, there were \$51,674 of Fiscal Year 2013-14 delinquent taxes outstanding with respect to the Districts.

## Special Tax Methodologies

***Rate and Methods of Apportionment Special Taxes.*** The following descriptions of the Rate and Methods are qualified in their entirety by reference to the applicable Rate and Method in “APPENDIX A – Special Tax Methodologies.” Capitalized terms not otherwise defined in this subsection or in the Indenture are as defined in the applicable Rate and Method.

***Annual Special Tax Requirement.*** With respect to each Special Taxing District, Special Taxes are levied on the Taxable Property in accordance with the applicable Rate and Method. The City has covenanted in the Indenture that so long as any Series 2015 Bonds are Outstanding, it will comply in all material respects with the Special Taxing District Act, the Ordinances, and the applicable Rate and Method to the extent required to assure the timely collection of any Special Taxes from the applicable Districts for the payment of Series 2015 Bonds secured thereby. The Special Taxing District Act and each Special Taxing District Ordinance provide that the City levy Special Taxes against the Taxable Property within the applicable Special Taxing District according to the applicable Rate and Method in each Fiscal Year in which the Tax Increment Revenues from the applicable Development District are insufficient to pay debt service on the portion of the Series 2015 Bonds secured by the Harborview Security, the Strathdale Security, the Clipper Mill Security, and the North Locust Point Security, respectively, in the corresponding Bond Year, to the extent necessary and permitted by the Special Taxing District Act and subject to the applicable Maximum Special Tax in order to yield an amount (the “Special Tax Requirement”) equal to (A) the sum of: (1) debt service on the portion of the Series 2015 Bonds secured by the Harborview Security, the Strathdale Security, the Clipper Mill Security, and the North Locust Point Security, as applicable, and any other periodic costs (including deposits to any sinking funds) on such Series 2015 Bonds due in the corresponding Bond Year, (2) Administrative Expenses attributable to the applicable Districts, (3) any amount required to replenish the applicable account within the Reserve Fund, (4) an amount equal to the estimated delinquencies expected in payment of Special Taxes not otherwise taken into account, as determined by the Administrator, and (5) the costs of credit enhancement 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), minus (B) the sum of: (i) Tax Increment Revenues from the applicable Development District available to apply to the applicable Special Tax Requirement for the applicable Fiscal Year, (ii) any credit such as capitalized interest or investment earnings on account balances attributable to the applicable Districts pursuant to the Indenture, and (iii) any other revenues available to apply against the Special Tax Requirement.

***Adjusted Maximum Special Tax – Harborview Special Taxing District.*** Harborview Special Taxes may be levied only up to the Adjusted Maximum Special Tax (as such term is defined in the Harborview Rate and Method). The Adjusted Maximum Special Tax for each Parcel in the Harborview Special Taxing District is equal to the lesser of (but not less than zero) (i) the Harborview Maximum Special Tax for the Parcel and (ii) the amount calculated by the following formula:

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

Where the terms have the following meaning:

A	=	the Adjusted Maximum Special Tax for a Harborview Special Taxing District Parcel
B	=	the Net Square Footage (as such term is defined in the Harborview Rate and Method) of such Parcel
C	=	the Net Square Footage in the Harborview Special Taxing District
D	=	the Harborview Maximum Special Tax
E	=	the Special Tax Credit (as such term is defined in the Harborview Rate and Method) for such Parcel

The Special Tax Credit applied to all Harborview Parcels shall not exceed the Harborview Tax Increment Revenues applied to the Special Tax Requirement as provided by the Harborview Rate and Method. The Special Tax Requirement for the Harborview Special Taxing District includes any amount required to replenish the Harborview Reserve Account and an amount equal to the estimated delinquencies expected in payment of Special Taxes not otherwise taken into account. See “APPENDIX A-1 – Harborview Special Taxing District Rate and Method of Apportionment of Special Taxes.”

***Adjusted Maximum Special Tax – Strathdale Special Taxing District, Clipper Mill Special Taxing District, and North Locust Point Special Taxing District.*** With respect to the three Special Taxing Districts other than the Harborview Special Taxing District, the applicable Special Taxes may only be levied up to the applicable Adjusted Maximum Special Tax (as such term is defined in the applicable Rate and Method). The applicable Adjusted Maximum Special Tax for each Parcel in such Special Taxing District is equal to the lesser of (but not less than zero) (i) the applicable Maximum Special Tax for the Parcel (as such term is defined in the applicable Rate and Method), and (ii) the amount calculated by the following formula:

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

Where the terms have the following meaning:

A	=	the Adjusted Maximum Special Tax for a Parcel
B	=	the applicable Special Tax Requirement plus the Tax Increment Revenues from the applicable Development District available to apply to such Special Tax Requirement
C	=	the total of the applicable Maximum Special Tax for all of the Parcels within the applicable Special Taxing District
D	=	the applicable Maximum Special Tax for such Parcel for which the Adjusted Maximum Special Tax is being calculated
E	=	the applicable Special Tax Credit for such Parcel

The Special Tax Credit applied to all Parcels within a Special Taxing District shall not exceed the Tax Increment Revenues from the applicable Development District applied to the applicable Special Tax Requirement as provided by the applicable Rate and Method. The Special Tax Requirement applicable to each of these three Special Taxing Districts includes any amount required to replenish the applicable account within the Reserve Fund attributable to the applicable Special Taxing District and an amount equal to the estimated delinquencies expected in payment of the Special Taxes not otherwise taken into account. See “APPENDIX A-2 – Strathdale Special Taxing District Rate and Method of Apportionment of Special Taxes,” “APPENDIX A-3 – Clipper Mill Special Taxing District Rate and Method of Apportionment of Special Taxes,” and “APPENDIX A-4 – North Locust Point Special Taxing District Rate and Method of Apportionment of Special Taxes.”

## **RISK FACTORS**

Investment in the Series 2015 Bonds involves certain risks. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2015 Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Development Districts and Special Taxing Districts to pay their real property taxes or Special Taxes, respectively, when due. Failure of property owners to pay the real property taxes or Special Taxes could result in the inability to make full and punctual payments of debt service on the Series 2015 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Development Districts and Special Taxing Districts and thereby reduce the amount of the Tax Increment Revenues, and therefore any Excess Tax Increment Revenues, and Special Taxes that are generated from property in the Development Districts and Special Taxing Districts, as applicable.

### **Limited Obligations**

The Series 2015 Bonds are payable solely from the Trust Estate.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS, EXCEPT FOR THE PLEDGED REVENUES, IF, AS AND WHEN APPROPRIATED, IF ANY, AND PROVIDED THAT THE PLEDGE OF SUCH PLEDGED REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. NO OTHER ASSESSMENTS OR TAXES**

**ARE PLEDGED TO THE PAYMENT OF THE SERIES 2015 BONDS EXCEPT FOR THE PLEDGED REVENUES. THE SERIES 2015 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE DEBT SERVICE FUND AND THE RESERVE FUND, AND THE ACCOUNTS THEREIN, THE TAX INCREMENT FUNDS FOLLOWING APPROPRIATION, THE SPECIAL TAX FUNDS FOLLOWING APPROPRIATION, AND THE EXCESS TAX INCREMENT REVENUE ACCOUNT FOLLOWING APPROPRIATION, IN EACH CASE AS MORE FULLY DESCRIBED HEREIN.**

#### **Failure to appropriate**

Consistent with the requirements of the Enabling Acts, the payment of Debt Service on the Series 2015 Bonds in each Fiscal Year is dependent upon the City's appropriation of Pledged Revenues in certain funds and accounts. The City Council is not obligated to make any appropriation, or to make a sufficient appropriation, to pay Debt Service in any Fiscal Year. A failure to appropriate amounts sufficient to pay all Debt Service coming due during the next ensuing Fiscal Year would not constitute an event of default.

While the City has covenanted that its Director of Finance will, to the extent permitted by applicable law, do all things within his or her power annually to request the appropriation of funds by the City Council sufficient to pay the Debt Service on the Series 2015 Bonds, and all other obligations of the City under the Indenture when due and payable, there is no assurance that the City Council will appropriate money sufficient to pay Debt Service on the Series 2015 Bonds in each ensuing Fiscal Year until maturity of the Series 2015 Bonds.

#### **Concentration of Ownership**

To the extent significant portions of the property located within any Development District or Special Taxing District are owned by one owner, lack of diversity in the obligation to pay the real property taxes or Special Taxes, if any, at any time, presents a significant risk to Bondholders. The timely payment of the Debt Service on the Series 2015 Bonds allocable to any Development District and Special Taxing District depends on the willingness and ability of owners within such Development District and Special Taxing District to pay real property taxes and Special Taxes, if any, when due. Failure to pay such real property taxes or Special Taxes, if any, when due could result in the rapid depletion of Excess Tax Increment Revenues, if any, and the applicable account within the Reserve Fund. In that event, there could be a default in payment of the principal of, and interest on, the portion of the Series 2015 Bonds secured by such Development District and Special Taxing District.

#### **Economic Conditions; Commercial Failures**

A portion of the property in the Districts is leased or owned by commercial entities. The financial health of the businesses that are expected to pay the Tax Increment Revenues and any Special Taxes is in part dependent on the strength of the local economy. The economic turmoil over the past few years has had and may continue to have negative repercussions. To date, this turmoil has particularly impacted the real estate market and the financial sector, prompting a number of banks and other financial institutions to seek additional capital, to merge and, in some cases, to cease operations. These events collectively have led to a scarcity of credit, lack of confidence in the financial sector, volatility in the real estate and financial markets, fluctuations in interest rates, reduced economic activity, increased business failures, increased unemployment and increased consumer and business bankruptcies. Other factors that affect the local economy include (but are not limited to) rates of employment and economic growth; demographics; natural disasters; the level of residential and commercial development; and federal, state, and local government spending and taxing levels.

The failure to lease the space in these buildings, failure by the lessees to operate profitably, defaults by lessees under the terms of their leases, the inability to recover overdue and unpaid rents or to lease space vacated by defaulting lessees, or other similar factors could adversely affect the ability or willingness of owners of such properties or any other owners of property in any of the Districts to pay the real property taxes or Special Taxes, if any, required. Current market conditions and any further decline in local economic conditions or conditions in the Districts could adversely affect the ability of owners to pay the real property taxes and Special Taxes, if any, or the

amount realized upon any sale of the property at tax sale. See “SECURITY FOR THE SERIES 2015 BONDS – Property Tax Collection Procedures” herein and “– Potential Delay and Limitations of Tax Sales” below.

### **Dependence on Tax Increment Revenues; Excess Tax Increment Revenues**

The amount of the Tax Increment Revenues available to the City to pay Debt Service on the Series 2015 Bonds is determined by the assessed value of taxable real property in the Development Districts, the tax rate of the City, and the percentage of taxes actually collected and paid into the Tax Increment Funds. There can be no assurance that the property and improvements within the Development Districts will be assessed at the levels as projected in “APPENDIX B – Tax Increment and Special Tax Report.”

Various factors may adversely affect the value of property in the Development Districts. Property values could be adversely affected by prolonged social unrest, economic instability, or any further decline in economic conditions generally and in the Development Districts in particular, which could adversely affect the ability of owners of property within the Districts to pay the real property taxes and Special Taxes, as applicable, and the amount realized upon any sale of the property at tax sale. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes could have on the assessed value of property in the Districts and the collection of Tax Increment Revenues and any Special Taxes. Property values also may be adversely affected by natural or other disasters resulting in the destruction of property in the various Districts.

Materially lower assessed values for the properties in any Development District could affect the collection of Tax Increment Revenues, and therefore, the generation of Excess Tax Increment Revenues, which in turn could affect the ability of the City to pay Debt Service on any portion or all of the Series 2015 Bonds.

### **Uncertainty of Methodology of Calculation**

The assessed value of the property and improvements will be finally determined and certified in accordance with the procedures described in “SECURITY FOR THE SERIES 2015 BONDS – Assessment Procedures; Tax Credits.” Tax Increment Revenues are collected based upon such assessed value. The method of assessing properties within the Development Districts could have a significant impact on the Tax Increment Revenues that become available. The assessment method or combination of methods that the Supervisor of Assessments uses with respect to the Development Districts is within the discretion of the Supervisor of Assessments and may change from time to time. See “SECURITY FOR THE SERIES 2015 BONDS.” A change in the particular method of assessment or a combination of methods with respect to property in the Development Districts may, over time, cause a decrease in the Assessable Base in any Development District and, therefore, result in a reduction in the Tax Increment Revenues generated from such Development District available to pay Debt Service on the portion of the Series 2015 Bonds secured thereby and a decrease in available Excess Tax Increment Revenues. No assurances can be given that the methodology for the State assessment system will not be changed during the term of the Series 2015 Bonds.

The projections of the Pledged Revenues in APPENDIX B are based upon the laws and regulations in effect as of the date of this Official Statement. No assurance can be given that a change in law or a judicial decision after the date of this Official Statement will not have a materially adverse effect on the Tax Increment or the availability of Pledged Revenues to pay Debt Service on the portion of the Series 2015 Bonds secured thereby.

### **Dependence on Projections**

The amount of Pledged Revenues which will be available to pay Debt Service on the Series 2015 Bonds each year is unknown at the present time. The Tax Increment and Special Tax Report attached hereto as APPENDIX B contains projections of the amounts that are projected to be available based on the assumptions set out therein. These projections constitute “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as such may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future

results, performance or achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward looking statements.

The assumptions used to make the projections have been described in such projections. The City has not commissioned any independent feasibility analysis of any of the assumptions upon which the financial projections are based.

### **Maximum Rates**

Within the limits of the applicable Rate and Method, the City may adjust the amount of the Special Taxes levied on all property within any Special Taxing District to provide for the collection of amounts, if necessary, required to pay Debt Service on the portion of the Series 2015 Bonds secured thereby, to replenish the applicable account within the Reserve Fund to an amount equal to the applicable Reserve Requirement, to pay all annual Administrative Expenses with respect to the applicable Districts, and make rebate payments to the United States government. However, the amount of Special Taxes with respect to any Special Taxing District is subject to the maximum rate provided in the applicable Rate and Method. See “SECURITY FOR THE SERIES 2015 BONDS – Special Tax Revenues” and “THE PLEDGED REVENUES – Special Tax Methodologies.”

### **Tax Delinquencies**

In order to pay Debt Service on the Series 2015 Bonds, real property taxes and any Special Taxes must be paid in a timely manner. Under provisions of the Enabling Acts, the Tax Increment Revenues and the Special Taxes, from which funds the payment of principal of, and interest on, the Series 2015 Bonds are to be made, are billed to the properties within the applicable Development Districts and Special Taxing Districts by the City. Special Taxes are due and payable at the same time as regular real property tax installments (from which the Tax Increment Revenues are derived). The unwillingness or inability of a property owner to pay real property tax bills or any Special Taxes, as applicable, as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make payments of real property taxes or any Special Taxes in the future. If enough owners of properties within any of the Districts fail to pay the real property tax installments or any Special Taxes when due, there could be significant tax delinquencies. See “– Concentration of Ownership” above.

In the event that any tax sales of the property or individual parcels are necessary, if insufficient Excess Tax Increment Revenues have been generated by the other Development Districts, and if the applicable account within the Reserve Fund is depleted, there could be a delay or reduction in payments to Holders of the portion of the Series 2015 Bonds secured thereby pending such tax sales and receipt by the City of the proceeds of sale.

See “SECURITY FOR THE SERIES 2015 BONDS – Property Tax Collection Procedures,” for a discussion of the provisions which apply, and procedures which the City is obligated to follow in the event of delinquencies in the payment of real property taxes or Special Taxes. See “– Potential Delay and Limitations of Tax Sales” and “– Bankruptcy” below for a discussion of limitations on the City’s ability to recover delinquent Tax Increment Revenues and Special Taxes from tax sales.

### **Potential Delay and Limitations of Tax Sales**

The payment of real property taxes and Special Taxes and the ability of the City to recover delinquent unpaid real property taxes and Special Taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights. See “SECURITY FOR THE SERIES 2015 BONDS – Property Tax Collection Procedures” herein and “– Bankruptcy” below.

In addition, potential investors should be aware that any recovery of unpaid real property taxes and Special Taxes is subject to City procedures for providing notice to record holders of the property of the pending tax sale and delays by subsequent purchasers of property at tax sale to initiate proceedings to foreclose redemption of the property. Potential investors should also be aware that during any period of time in which property offered for sale remains unsold, none of the delinquent real property taxes or Special Taxes will be paid.

The ability of the City to recover delinquent unpaid real property taxes or Special Taxes on properties through the sale of such properties may be limited with regard to properties in which the Federal Deposit Insurance Corporation (“FDIC”) may acquire an interest. If a lender takes a security interest in property in one of the Districts and becomes insolvent, such lender could fall under the jurisdiction of the FDIC. The FDIC has adopted policies regarding the payment of state and local property taxes, including *ad valorem* and non-*ad valorem* special taxes and assessments. While this federal instrumentality has acknowledged a policy of paying *ad valorem* and non-*ad valorem* special taxes and assessments in certain circumstances, it has also indicated an intention to assert federal preemptive power to challenge any prior taxes, special taxes and assessments where it is in its interest to do so, including the requirement that local agencies obtain the consent of the FDIC in order to sell property at tax sale to recover delinquent special taxes. If the City is required to obtain the consent of the FDIC in order to sell properties located in any of the Districts at a tax sale, such consent could be denied and the City might be unable to recover Special Taxes on such properties. Additionally, any delay in receiving the consent of the FDIC to a tax sale would delay recovery of any delinquent real property taxes or Special Taxes. This, in turn, could result in a delay or default in payment of the Series 2015 Bonds.

Delays and uncertainties in recovering delinquent real property taxes or Special Taxes create significant risks for Bondholders. Delinquencies in payments of real property taxes or Special Taxes that continue during the pendency of protracted tax sale proceedings could result in the rapid, total depletion of amounts on deposit in the Excess Tax Increment Revenue Account and the applicable account within the Reserve Fund, which could occur prior to replenishment from the resale of the applicable properties. In that event, there could be a default in payments of Debt Service on the Series 2015 Bonds. See “RISK FACTORS – Concentration of Ownership” above.

#### **No Acceleration Provision**

The Series 2015 Bonds do not contain a provision allowing for the acceleration of the Series 2015 Bonds in the event of a payment default or other default under the terms of the Series 2015 Bonds or the Indenture. Further, the Indenture does not specify any events of default or remedies nor does it require the Trustee to seek any remedies. The ultimate source of recovery in the event of a default on payment of real property taxes or Special Taxes is the tax sale provisions described under “SECURITY FOR THE SERIES 2015 BONDS – Property Tax Collection Procedures” and “APPENDIX D – Proposed Form of Indenture of Trust”.

#### **Bankruptcy**

The various legal opinions to be delivered concurrently with the delivery of the Series 2015 Bonds (including Bond Counsel’s approving legal opinion) will be qualified by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors.

Although a bankruptcy proceeding would not extinguish the City’s right to collect unpaid real property taxes and Special Taxes, the amount and priority of any tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in completing a tax sale of the property. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Series 2015 Bonds and the possibility of delinquent tax installments not being paid in full.

#### **Limited Secondary Market**

There can be no assurance that there will be a secondary market for the purchase or the sale of the Series 2015 Bond. From time to time, there may be no market for the Series 2015 Bonds depending upon prevailing market conditions, the financial condition or market position of any firms who may make the secondary market and the financial condition of the City. The Series 2015 Bonds should, therefore, be considered long-term investments in which funds are committed to maturity.

## **Loss of Tax Exemption**

As discussed under the caption “TAX MATTERS,” the interest on the Series 2015 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2015 Bonds as a result of a failure of the City to comply with certain provisions of the Code. Should such an event of taxability occur, the Series 2015 Bonds are not subject to early redemption and may remain Outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture.

## **Other Taxes**

The willingness and/or ability of an owner of land within the Special Taxing Districts to pay the Special Taxes could be affected by the existence of other taxes, assessments and special taxes imposed upon the land by the City. Various special taxes and assessments, including the Special Taxes and *ad valorem* taxes levied to pay principal of and interest on the Series 2015 Bonds, would be payable at one time. The City may also impose additional assessments, fees or taxes that could encumber the property burdened by the Special Taxes.

## **Bond Ratings**

There is no assurance that the rating assigned to the Series 2015 Bonds will not be lowered or withdrawn at any time, which could adversely affect the market price and marketability of the Series 2015 Bonds. See “RATING” below.

## **THE ADMINISTRATOR**

MuniCap, Inc. (the “Administrator”) will be retained by the City to provide certain services in connection with the administration of the Development Districts and Special Taxing Districts, which includes (but is not limited to) the determination of the Special Taxes that are to be collected in any given year pursuant to the applicable Rate and Method.

The Administrator is a public finance consulting firm with a specialized practice providing services related to the formation and administration of special tax and assessment districts. These services include the preparation of tax increment projections and special tax and assessment methodologies, calculation of annual special tax and assessment levies, and continuing disclosure and financial services related to the administration of tax increment and special tax and assessment districts. The Administrator has its principal office in Columbia, Maryland, and provides district administration services to approximately 140 special tax and assessment districts in 18 states.

## **UNDERWRITING**

The Series 2015 Bonds are being purchased for reoffering by Stifel, Nicolaus & Company, Inc. (the “Underwriter”). The Series 2015 Bonds are being purchased at a price equal to \$22,024,575.25 (representing the aggregate principal amount of the Series 2015 Bonds of \$20,195,000.00, plus a premium of \$2,031,525.25, less an Underwriter’s discount of \$201,950.00). The purchase contract pursuant to which the Underwriter is purchasing the Series 2015 Bonds provides that the Underwriter will purchase all of the Series 2015 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such contract of purchase.

The Underwriter may offer and sell the Series 2015 Bonds to certain dealers and others at prices different from the prices stated on the inside front cover of this Official Statement. The offering prices may be changed from time to time by the Underwriter.



## **LEGAL MATTERS**

McGuireWoods LLP, Bond Counsel to the City, will render an opinion with respect to the Series 2015 Bonds substantially in the form set forth in Appendix E to this Official Statement. Copies of this opinion will be available at the time of delivery of the Series 2015 Bonds. Certain matters will be passed upon for the Underwriter by Ballard Spahr LLP, as counsel to the Underwriter.

## **TAX MATTERS**

### **Federal Tax Treatment of Series 2015 Bonds**

#### ***Opinion of Bond Counsel - Tax Status of the Series 2015 Bonds.***

In the opinion of Bond Counsel, under existing law and assuming compliance with the Covenants (defined herein), interest on the Series 2015 Bonds is (i) excludable from gross income of the owners thereof for purposes of federal income taxation and is (ii) not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Code), interest on the Series 2015 Bonds must be included in computing adjusted current earnings. See “APPENDIX E –Proposed Form of Bond Counsel Opinion” hereto.

Bond Counsel will express no other opinion regarding other tax consequences arising with respect to the Series 2015 Bonds.

Bond Counsel’s opinions speak as of their dated date, are based on current legal authority and precedent, cover certain matters not directly addressed by such authority and precedent, and represent Bond Counsel’s judgment as to the proper treatment of interest on the Series 2015 Bonds for federal income tax purposes. Bond Counsel’s opinions do not contain or provide any opinion or assurance regarding the future activities of the City or about the effect of future changes in the Code, the applicable Regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the “IRS”). The City has covenanted, however, to comply with the requirements of the Code.

### **Reliance and Assumptions; Effect of Certain Changes**

In delivering its opinions regarding the Series 2015 Bonds, Bond Counsel is relying upon certifications of representatives of the City and other parties as to facts material to the opinions, which Bond Counsel has not independently verified. In addition, Bond Counsel is assuming continuing compliance with the Covenants (defined herein) by the City. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2015 Bonds in order for interest on the Series 2015 Bonds to be and remain excludable from gross income for purposes of federal income taxation. The City will execute and deliver certain tax certifications and covenants (collectively, the “Tax Agreement”) on the date of delivery of the Series 2015 Bonds to comply with the provisions of the Code applicable to the Series 2015 Bonds including, among other things, requirements as to the use, expenditure and investment of the proceeds thereof, the use of the property financed thereby, the source of the payment thereof and the security therefor, the arbitrage yield restrictions and rebate payment obligations imposed by the Code and certain other actions that could cause interest thereon to be includable in gross income of their owners (the “Covenants”). Bond Counsel has not independently verified, and will not monitor compliance with, the covenants, representations and agreements of the City. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2015 Bonds from becoming includable in gross income for Federal income tax purposes.

Certain requirements and procedures contained, incorporated or referred to in the tax agreements, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such agreements. Bond Counsel expresses no opinion concerning any effect on

the excludability of interest on the Series 2015 Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken, or omitted upon the advice or approval of counsel other than Bond Counsel.

### **Original Issue Premium**

Series 2015 Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A Holder's basis in such Series 2015 Bonds must be reduced by the amount of premium which amortizes while such Series 2015 Bonds are held by the Holder. No deduction for such amount will be allowed, but it generally will offset interest on such Series 2015 Bonds while so held. Purchasers of Series 2015 Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Series 2015 Bonds.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2015 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of such Series 2015 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2015 Bonds.

Prospective purchasers of the Series 2015 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial issuers, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Series 2015 Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments made to any owner of a Bond who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any owner of a Bond who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding, or selling tax-exempt obligations.

### **Possible Legislative or Regulatory Action**

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2015 Bonds, the IRS, under its current procedures, will treat the City as the taxpayer. As such, the beneficial owners of the Series 2015 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2015 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2015 Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various State legislatures. Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code, and court proceedings may be filed the outcome of which could modify the federal or State tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2015 Bonds, regulatory clarification of the Code, or actions by a court involving either the Series 2015 Bonds or other tax-exempt obligations will not have an adverse effect on the federal tax status of the

Series 2015 Bonds or the State tax status of the Series 2015 Bonds, the marketability or market price of the Series 2015 Bonds, or the economic value of the tax exempt status of the interest on the Series 2015 Bonds.

Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or State tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete; prospective purchasers and Holders of the Series 2015 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

### **Maryland Tax Treatment of the Series 2015 Bonds**

Bond Counsel's opinion will also state that, under existing law of the State, the principal amount of the Series 2015 Bonds, the interest payable thereon, their transfer, and any income derived therefrom, including any profit realized on their sale or exchange, shall be exempt from taxation by the State or by any of its political subdivisions, municipal corporations, or public agencies but shall be included in computing the net earnings of financial institutions as required by the law of the State; however, the law of the State does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Series 2015 Bonds or the interest thereon.

Interest on the Series 2015 Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Prospective purchasers of the Series 2015 Bonds should consult their tax advisors regarding the taxable status of the Series 2015 Bonds in a particular state or local jurisdiction other than the State.

### **NO LITIGATION**

At the time of delivery of and payment for the Series 2015 Bonds, the City will certify that, except for litigation that in the opinion of the Office of the City Solicitor of the City has no material adverse effect on the City, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending with respect to which the City has been served with process, or, to the knowledge of the officer of the City executing such certificate, threatened against the City affecting the creation or validity of the Development Districts or the Special Taxing Districts or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Series 2015 Bonds, the collection or application of any revenues provided for the payment of the Series 2015 Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2015 Bonds, the Indenture, the Series 2015 Resolution, or the collection or application of any revenues provided for the payment of the Series 2015 Bonds, or contesting the powers of the City or its authority with respect to the Series 2015 Bonds or any action of the City contemplated by any of said documents.

### **RATING**

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies ("S&P") has assigned its rating of "BBB+" to the Series 2015 Bonds, and the outlook for each such rating is "stable." A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the rating agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2015 Bonds. An explanation of the procedure and methodology used and the significance of the rating may be obtained from Standard & Poor's Ratings Services, 55 Water Street, New York, New York. Such rating may be changed at any time and no assurance can be given that it will not be revised, downgraded or withdrawn. Any such downgrade, revision or withdrawal of a rating may have an effect on the market price of or market for the Series 2015 Bonds.

## **EXPERTS**

MuniCap, Inc. served as financial advisor to the City in connection with the issuance and delivery of the Series 2015 Bonds. MuniCap, Inc. has prepared the methodologies for levying the Special Taxes described under the caption “THE PLEDGED REVENUES – Special Tax Methodologies” and contained in APPENDIX A and the projections contained in APPENDIX B and such methodologies, projections, and schedules are set forth in this Official Statement with the permission of MuniCap, Inc.

## **CONTINUING DISCLOSURE**

The City will undertake in a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to assist the Underwriter in complying with the provisions of Rule 15c2-12 (the “Rule”), promulgated by the Securities and Exchange Commission (the “SEC”) and as in effect on the date hereof, by providing annual reports and material event notices required by the Rule. The Administrator will compile and disseminate such annual reports and material event notices as the City’s designated agent under the Continuing Disclosure Agreement and the Indenture. See “APPENDIX F – Form of City’s Continuing Disclosure Agreement” for specific provisions regarding the City’s and the Administrator’s obligation to provide continuing disclosure.

The City failed to comply with some of its obligations under certain of its continuing disclosure undertakings within the last five years. In particular, the City’s Comprehensive Annual Financial Reports for the fiscal years ended June 30, 2010, and June 30, 2011, which were required by the City’s continuing disclosure undertakings with respect to certain of its general obligation bonds to have been filed with EMMA on or before March 1, 2011, and March 2, 2012, respectively, were filed with EMMA as soon as they became available on December 7, 2012. Similarly, the City’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012, which was required to have been filed with EMMA on or before March 2, 2013, was filed with EMMA as soon as it became available on August 20, 2013. In addition, the City’s annual financial and operating data filings for the fiscal year ended June 30, 2010, with respect to certain of the City’s general obligation bonds, were filed within one month after the date when it was required to be filed and the City’s annual financial and operating data filing for the fiscal year ended June 30, 2010, with respect to certain of the City’s water and wastewater bond issues, was filed within six months after the date on which it was due. Delays in the receipt of the City’s Comprehensive Annual Financial Reports, as described above, caused delayed filings with respect to certain continuing disclosure undertakings relating to the City’s parking facilities bonds, convention center revenue bonds and certificates of participation. The City failed to file event filings in connection with bond rating changes that occurred as a result of the upgrade of the underlying credit rating for certain of the City’s bonds and changes in the ratings of bond insurers that secured certain bonds issued by the City. The City has subsequently disclosed these rating changes on EMMA.

When filing information with the EMMA system, the City inadvertently failed to index properly certain filings with each relevant outstanding debt issue. To the extent a filing was made without all of the associated CUSIP numbers, the filing was otherwise available on EMMA in connection with another City debt issue. The City has made supplemental filings with EMMA to provide information to correct these filings. As a result, the City is in material compliance with its continuing disclosure obligations. The City is committed to complying with its continuing disclosure obligations and in connection with such commitment, has established written policies and procedures with respect to such obligations and provides training for City personnel responsible for carrying out the City’s continuing disclosure undertakings.

## **MISCELLANEOUS**

The quotations from, and summaries and explanations of the Enabling Acts, the Indenture, and other statutes, regulations, and documents contained herein do not purport to be complete, and reference is made to such documents, the Indenture, and such statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the offering of the Series 2015 Bonds by the Underwriter. All estimates, assumptions, statistical information and other statements contained herein, while taken

from sources considered reliable, are not guaranteed by the City or the Underwriter. The information contained herein should not be considered as representing all conditions affecting the City, the Development Districts, the Special Taxing Districts, or the Series 2015 Bonds.

This Official Statement does not constitute a contract with the purchasers of the Series 2015 Bonds.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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The execution and delivery of this Official Statement have been approved by the Board of Finance of the Mayor and City Council of Baltimore, Maryland.

**MAYOR AND CITY COUNCIL OF BALTIMORE**

	By: <u>/s/ Stephanie Rawlings-Blake</u>	
	Stephanie Rawlings-Blake, Mayor	
By: <u>/s/ Henry Raymond</u>		By: <u>/s/ Stephen M. Kraus</u>
Henry Raymond		Stephen M. Kraus
Director of Finance		Deputy Director, Finance

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**SPECIAL TAX METHODOLOGIES**



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**Harborview Special Taxing District Rate and Method of Apportionment of Special Taxes**

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**CITY OF BALTIMORE, MARYLAND**  
**HARBORVIEW LOT #2 SPECIAL TAXING DISTRICT**

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

A Special Tax shall be levied and collected in the City of Baltimore Harborview Lot #2 Special Taxing District (the "District") each Fiscal Year, beginning with the 2002-2003 Fiscal Year and continuing until the year provided for in Section F hereof, in an amount determined by the Mayor and City Council of Baltimore through the application of the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms used herein shall have the following meanings:

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

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

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee employed by the City in connection with any Bonds; the expenses of the City in carrying out its 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 or the Trustee incurred in connection with the discharge of their respective duty under the Indenture of Trust, 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 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.

**"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 by the City relating to the District pursuant to the Act.

**"City Council"** means the City Council of Baltimore, Maryland.

**"City"** means the Mayor and City Council of Baltimore.

**"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.

**"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.

**"Maximum Special Tax"** means the Special Tax determined in accordance with Section B.1.

**"Net Square Footage"** means the net usable land area or area equivalent to land area for a condominium unit as

shown in the property tax records, recorded plat, or other public document, as estimated by the Administrator. usable land means the land on which development may occur, but excluding existing or proposed Public Property, exclusive use easements, Owner Association Property, and other areas on which development may not occur, as estimated by the Administrator.

**"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.

**"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.

**"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, 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.

**"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, the Tax Increment Revenues collected from the 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.

**"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 Council.

**"Tax Increment Revenues"** the amounts paid into the Tax Increment Fund each year by the City.

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

**"Trustee"** means the trustee appointed the City 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 2002-03 Fiscal Year shall be equal to \$908,000. The Maximum Special Tax for each Parcel shall be equal to the following formula:

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

Where the terms have the following meaning:

A = The Maximum Special Tax for a Parcel

B = The Net Square Footage of the Parcel  
C = The Net Square Footage in the District  
D = The Maximum Special Tax as stated above.

2. Adjusted Maximum Special Tax

The Adjusted Maximum Special Tax for each Parcel shall be equal to the Maximum Special Tax for such Parcel less the Special Tax Credit for the Parcel. The Special Tax Credit applied to the Maximum Special Tax for 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, 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 2002-03 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.

**F. TERMINATION OF SPECIAL TAX**

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be levied after the earlier of (i) the repayment or defeasance of the Bonds, (ii) the 2031-2032 Fiscal Year, and (iii) such time provided for by the Indenture of Trust. After such Fiscal Year, and the collection of any delinquent Special Taxes, penalties and interest, the Director of Finance shall cause a document evidencing such termination of the levy and collection to be recorded in the land records of the City.

**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. 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 Administrator not later than one calendar year after having paid the Special Tax that is disputed. The Administrator 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 Administrator 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), but an adjustment shall be made to the next Special Tax levy on that Parcel. 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 (a) found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds and (b) received an opinion of a nationally recognized bond counsel to the effect that the amendment is authorized pursuant to the terms of the Act, the Indenture of Trust, and any ordinances or resolutions adopted by the City related to 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, and as long as there is a rational basis for the determination made by the City, such determination shall be conclusive.

**Strathdale Manor Special Taxing District Rate and Method of Apportionment of Special Taxes**



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**CITY OF BALTIMORE, MARYLAND  
STRATHDALE MANOR SPECIAL TAXING DISTRICT**

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

A Special Tax shall be levied and collected in the City of Baltimore Strathdale Manor Special Taxing District (the "District") each Fiscal Year, beginning with the 2003-2004 Fiscal Year and continuing until the year provided for in Section F hereof, in an amount determined by the Mayor and City Council of Baltimore through the application of the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms used herein shall have the following meanings:

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

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

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee employed by the City in connection with any Bonds; the expenses of the City in carrying out its 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, 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 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.

"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 by the City relating to the District pursuant to the Act.

"Building Square Footage" means the actual or, for units not yet built, the estimated livable building area as shown on the building permit, architectural plans or other available documents,

1 as estimated by the Administrator.

2  
3 "City" means the Mayor and City Council of Baltimore, Maryland.

4  
5 "Director of Finance" means the official of the City who is the director of finance or other  
6 comparable officer of the City or designee thereof.

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

8  
9 "Indenture of Trust" means the indenture of trust relating to the Bonds, as modified, amended  
10 and/or supplemented from time to time.

11 "Maximum Special Tax" means the Special Tax determined in accordance with Section B.1.

12  
13 "Owner Association Property" means, for any Fiscal Year, any real property within the  
14 boundaries of the District that is owned by or irrevocably offered for dedication to a property  
15 owner's association and available for use in common by the homeowners; provided, however,  
16 that real property that has been irrevocably offered for dedication includes only those parcels for  
17 which a copy of the offer has been provided to the Administrator.

18  
19 "Parcel" means a lot or parcel of real property within the District with a parcel number assigned  
20 by the Supervisor.

21  
22 "Proportionately" means that the ratio of the Special Tax actually levied as a percent of the  
23 Adjusted Maximum Special Tax is equal for each Parcel (excluding those Parcels for which the  
24 Adjusted Special Tax is zero).

25  
26 "Public Improvements" means those improvements the City has authorized to be provided by  
27 the District.

28  
29 "Public Property" means property within the boundaries of the District owned by, or  
30 irrevocably offered for dedication (in a plat map approved by the City or otherwise) to the  
31 federal government, State of Maryland, City, or other public agency or easements for the  
32 exclusive use of a public utility provider; provided, however, that exclusive use utility easements  
33 and real property that has been irrevocably dedicated includes only those parcels for which a  
34 copy of the easement or offer has been provided to the Administrator.

35  
36 "Special Tax" means the Special Tax that may be levied by the City each Fiscal Year to fund  
37 the Special Tax Requirement.

38  
39 "Special Tax Credit" means, for any Fiscal Year, the Tax Increment Revenues collected from a  
40 Parcel for that Fiscal Year. For purposes of calculating the Tax Increment Revenues for each  
41 Parcel, the base year value shall be allocated to each Parcel on the basis of the assessed value of  
42 each Parcel.

43  
44 "Special Tax Requirement" has the meaning given to it in Section C.1.

45  
46 "Supervisor" means the Supervisor of Assessments for the City.

1  
2 **"Tax Increment Fund"** means the account of such name established for the District pursuant to  
3 an ordinance enacted by the City.

4  
5 **"Tax Increment Revenues"** the amounts paid into the Tax Increment Fund each year by the  
6 City.

7  
8 **"Taxable Property"** means any Parcel that is not Public Property or Owner Association  
9 Property.

10  
11 **"Trustee"** means the trustee appointed the City for the District to carry out the duties of the  
12 trustee specified in the Indenture of Trust.

13  
14 **B. SPECIAL TAX RATES**

15  
16 1. **Maximum Special Tax**

17  
18 The Maximum Special Tax for the 2003-04 Fiscal Year shall be equal to \$460,000. On each  
19 July 1, commencing July 1, 2004, the Maximum Special Tax shall be increased to 102 percent of  
20 the respective Maximum Special Tax in effect in the previous Fiscal Year. The Maximum  
21 Special Tax for each Parcel shall be equal to the following formula:

22  
23 
$$A = (B \div C) \times D$$

24  
25 Where the terms have the following meaning:

26  
27

A	=	The Maximum Special Tax for a Parcel
B	=	The Building Square Footage of units built or expected to be built on a
		Parcel
C	=	The Building Square Footage estimated for all of the Parcels in the District
D	=	The Maximum Special Tax as stated above.

31  
32

33 2. **Adjusted Maximum Special Tax**

34  
35 The Adjusted Maximum Special Tax for each Parcel shall be equal to the lesser of (but not less  
36 than zero) (i) the Maximum Special Tax for the Parcel and (ii) the amount calculated by the  
37 following formula:

38  
39 
$$A = [(B \div C) \times D] - E$$

40  
41 Where the terms have the following meaning:

42  
43

A	=	The Adjusted Special Tax for a Parcel
B	=	The Special Tax Requirement plus Tax Increment Revenues available to
		apply to the Special Tax Requirement
C	=	The total of the Maximum Special Tax for all of the Parcels in the District

48

- 1           D       =     The Maximum Special Tax for the Parcel for which the Adjusted  
2                               Maximum Special Tax is being calculated  
3           E       =     The Special Tax Credit for the Parcel  
4

5     The Special Tax Credit applied to the Maximum Special Tax for all Parcels shall not exceed the  
6     Tax Increment Revenues applied to the Special Tax Requirement as provided for in Section C. 1.  
7

8     3.     Personal Property  
9

10    The special tax rate on personal property shall be zero.  
11

12    C.     **LEVY OF THE SPECIAL TAX**  
13

14    1.     Special Tax Requirement  
15

16    The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and  
17    determined by the City and shall be an amount equal to (A) the amount required in any Fiscal  
18    Year to pay: (1) debt service and other periodic costs (including deposits to any sinking funds)  
19    on the Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2) Administrative  
20    Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid  
21    by the District, (3) any amount required to replenish any reserve fund established in association  
22    with any Bonds, (4) an amount equal to the estimated delinquencies expected in payment of the  
23    Special Tax not otherwise taken into account, and (5) the costs of remarketing, credit  
24    enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that  
25    serve as the basis of a reserve fund related to any indebtedness in lieu of cash), less (B) (1) Tax  
26    Increment Revenues available to apply to the Special Tax Requirement for that Fiscal Year, (2)  
27    any credits available pursuant to the Indenture of Trust, such as capitalized interest, reserves, and  
28    investment earnings on any account balances, and (3) any other revenues available to apply to  
29    the Special Tax Requirement.  
30

31    2.     Levy of the Special Tax  
32

33    Commencing with the 2003-04 Fiscal Year and for each following Fiscal Year, the City shall  
34    determine the Special Tax Requirement, if any, for the applicable Fiscal Year and shall levy the  
35    Special Tax Proportionately on each Parcel of Taxable Property in an amount up to the Adjusted  
36    Maximum Special Tax for each Parcel such that the total of the Special Tax levied is equal to the  
37    Special Tax Requirement.  
38

39    The Administrator shall provide an estimate to the City each Fiscal Year of the amount of the  
40    Special Tax to be levied on each Parcel in conformance with the provisions of this section.  
41

42    3.     Circumstances Under Which the Special Tax May be Increased as a Result of a Default  
43

44    The circumstances under which the Special Tax levied on any Parcel may be increased as a result  
45    of a default in the payment of the Special Tax levied on any other Parcel is based on the  
46    provisions of Section C. 1. and 2. The Special Tax levied on any Parcel cannot be increased

1 above the Adjusted Maximum Special Tax as a result of a default in the payment of the Special  
2 Tax levied on any other Parcel. If the Special Tax levied on any Parcel pursuant to the  
3 provisions of Section C.1. and 2. is less than the Adjusted Maximum Special Tax for such Parcel,  
4 the Special Tax may be increased up to the Adjusted Maximum Special Tax as a result of a  
5 default in the payment of the Special Tax levied on any Parcel.  
6

#### 7 **D. EXEMPTIONS**

8

9 A Special Tax shall not be levied on Public Property or Owner Association Property.  
10

#### 11 **E. MANNER OF COLLECTION**

12

13 The Special Tax will be collected in the same manner and at the same time as ordinary real  
14 property taxes; provided, however, the Special Tax may be collected at a different time or in a  
15 different manner as determined by the Director of Finance, provided that such time or manner is  
16 not inconsistent with the provisions of the Indenture of Trust.  
17

#### 18 **F. TERMINATION OF SPECIAL TAX**

19

20 Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall  
21 not be levied after the earlier of (i) the repayment or defeasance of the Bonds, (ii) the 2032-2033  
22 Fiscal Year, and (iii) such time provided for by the Indenture of Trust. After such Fiscal Year,  
23 and the collection of any delinquent Special Taxes, penalties and interest, the Director of Finance  
24 shall cause a document evidencing such termination of the levy and collection to be recorded in  
25 the land records of the City.  
26

#### 27 **G. REDUCTION IN THE MAXIMUM PROPERTY TAX RATE**

28

29 The Maximum Special Tax shall be reduced by the Director of Finance once the Bonds are  
30 issued to reflect the actual rate of interest on the Bonds and the amount of Bonds actually issued,  
31 to a rate that provides for adequate Special Tax revenue to pay the debt service on the Bonds and  
32 any other expected amounts of the Special Tax Requirement as provided for in the Indenture of  
33 Trust. The methodology for determining the reduced Maximum Special Tax shall be the same as  
34 that used to calculate the Maximum Special Tax provided for herein, adjusting only for the actual  
35 annual payments due on the Bonds.  
36

#### 37 **H. APPEALS OF THE LEVY OF THE SPECIAL TAX**

38

39 Any property owner claiming that the amount or application of the Special Tax is not correct and  
40 requesting a refund may file a written notice of appeal and refund to that effect with the  
41 Administrator not later than one calendar year after having paid the Special Tax that is disputed.  
42 The Administrator shall promptly review the appeal and, if necessary, meet with the property  
43 owner, consider written and oral evidence regarding the amount of the Special Tax, and decide  
44 the appeal. If the decision of the Administrator requires the Special Tax to be modified or  
45 changed in favor of the property owner, a cash refund shall not be made (except for the last year  
46 of levy), but an adjustment shall be made to the next Special Tax levy on that Parcel. The

1 decision of the Administrator may be appealed to the City. This procedure shall be exclusive  
2 and its exhaustion by any property owner shall be a condition precedent to any other appeal or  
3 legal action by such owner.  
4

5 **I. AMENDMENTS**  
6

7 This Rate and Method of Apportionment of Special Taxes may be amended by the City and, to  
8 the maximum extent permitted by the Act, such amendments may be made without further notice  
9 under the Act and without notice to owners of Taxable Property within the District in order to (i)  
10 clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful  
11 procedures for the collection and enforcement of the Special Tax so as to assure the efficient  
12 collection of the Special Tax for the benefit of the owners of the Bonds, and (iii) otherwise  
13 improve the ability of the City to fulfill its obligations to levy and collect the Special Tax and to  
14 make it available for the payment of the Bonds and Administrative Expenses. No such  
15 amendment shall be approved unless and until the City has (a) found and determined that the  
16 amendment is necessary and appropriate and does not materially adversely affect the rights of the  
17 owners of the Bonds and (b) received an opinion of a nationally recognized bond counsel to the  
18 effect that the amendment is authorized pursuant to the terms of the Act, the Indenture of Trust,  
19 and any ordinances or resolutions adopted by the City related to the Bonds. Any such  
20 amendment may not increase the Maximum Special Tax.  
21

22 **J. INTERPRETATION OF PROVISIONS**  
23

24 The City shall make all interpretations and determinations related to the application of this Rate  
25 and Method of Apportionment of Special Taxes, unless stated otherwise herein or in the  
26 Indenture of Trust, and as long as there is a rational basis for the determination made by the City,  
27 such determination shall be conclusive.

**Clipper Mill Special Taxing District Rate and Method of Apportionment of Special Taxes**



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CITY OF BALTIMORE, MARYLAND  
CLIPPER MILL SPECIAL TAXING DISTRICT

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

A Special Tax shall be levied and collected in the City of Baltimore Clipper Mill Special Taxing District (the "District") each Fiscal Year, beginning with the 2004-2005 Fiscal Year and continuing until the year provided for in Section F hereof, in an amount determined by the Mayor and City Council of Baltimore through the application of the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms used herein shall have the following meanings:

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

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

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee employed by the City in connection with any Bonds; the expenses of the City in carrying out its 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, 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 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.

**"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 by the City relating to the District pursuant to the Act.

1 **"Building Square Footage"** means the actual or, for property not yet developed, the estimated  
2 leasable building area as shown on the building permit, architectural plans or other available  
3 documents, as estimated by the Administrator.  
4

5 **"City"** means the Mayor and City Council of Baltimore, Maryland.  
6

7 **"Commercial Property"** means Taxable Property other than Residential Property.  
8

9 **"Director of Finance"** means the official of the City who is the director of finance or other  
10 comparable officer of the City or designee thereof.  
11

12  
13 **"Equivalent Unit Factors"** means 1.0 per unit for Residential Property and 1.8 per 1,000 square  
14 feet of Building Square Footage for Commercial Property.  
15

16 **"Equivalent Units"** means for the Equivalent Unit Factor for Residential Property and  
17 Commercial Property multiplied by the number of units of Residential Property and per 1,000  
18 square feet of Building Square Footage for Commercial Property, respectively.  
19

20 **"Fiscal Year"** means the period starting any July 1 and ending on the following June 30.  
21

22 **"Indenture of Trust"** means the indenture of trust relating to the Bonds, as modified, amended  
23 and/or supplemented from time to time.  
24

25  
26 **"Maximum Special Tax"** means the Special Tax determined in accordance with Section B.1.  
27

28 **"Owner Association Property"** means, for any Fiscal Year, any real property within the  
29 boundaries of the District that is owned by or irrevocably offered for dedication to a property  
30 owner's association and available for use in common by the homeowners; provided, however,  
31 that real property that has been irrevocably offered for dedication includes only those parcels for  
32 which a copy of the offer has been provided to the Administrator.  
33

34 **"Parcel"** means a lot or parcel of real property within the District with a parcel number assigned  
35 by the Supervisor.  
36

37 **"Proportionately"** means that the ratio of the Special Tax actually levied as a percent of the  
38 Adjusted Maximum Special Tax is equal for each Parcel (excluding those Parcels for which the  
39 Adjusted Special Tax is zero).  
40

41 **"Public Improvements"** means those improvements the City has authorized to be provided by  
42 the District.  
43

44 **"Public Property"** means property within the boundaries of the District owned by, or  
45 irrevocably offered for dedication (in a plat map approved by the City or otherwise) to the  
46 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.

**“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, the 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.

**“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”** 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 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 2004-05 Fiscal Year shall be equal to \$665,000. On each July 1, commencing July 1, 2005, 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:

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

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.

2. Adjusted Maximum Special Tax

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

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

Where the terms have the following meaning:

A = The Adjusted Special Tax for a Parcel  
B = The Special Tax Requirement plus Tax Increment Revenues available to apply to the Special Tax Requirement  
C = The total Equivalent Units estimated for all of the Parcels in the District  
D = The Equivalent Units built or expected to be built on a Parcel.  
E = 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, 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 2004-05 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.

**F. TERMINATION OF SPECIAL TAX**

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be levied after the earlier of (i) the repayment or defeasance of the Bonds, (ii) the 2033-2034 Fiscal Year, and (iii) such time provided for by the Indenture of Trust. After such Fiscal Year, and the collection of any delinquent Special Taxes, penalties and interest, the Director of Finance shall cause a document evidencing such termination of the levy and collection to be recorded in the land records of the City.

**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,

1 to a rate that provides for adequate Special Tax revenue to pay the debt service on the Bonds and  
2 any other expected amounts of the Special Tax Requirement as provided for in the Indenture of  
3 Trust. The methodology for determining the reduced Maximum Special Tax shall be the same as  
4 that used to calculate the Maximum Special Tax provided for herein, adjusting only for the actual  
5 annual payments due on the Bonds.

#### 6 7 **H. APPEALS OF THE LEVY OF THE SPECIAL TAX**

8  
9 Any property owner claiming that the amount or application of the Special Tax is not correct and  
10 requesting a refund may file a written notice of appeal and refund to that effect with the  
11 Administrator not later than one calendar year after having paid the Special Tax that is disputed.  
12 The Administrator shall promptly review the appeal and, if necessary, meet with the property  
13 owner, consider written and oral evidence regarding the amount of the Special Tax, and decide  
14 the appeal. If the decision of the Administrator requires the Special Tax to be modified or  
15 changed in favor of the property owner, a cash refund shall not be made (except for the last year  
16 of levy), but an adjustment shall be made to the next Special Tax levy on that Parcel. The  
17 decision of the Administrator may be appealed to the City. This procedure shall be exclusive  
18 and its exhaustion by any property owner shall be a condition precedent to any other appeal or  
19 legal action by such owner.  
20

#### 21 **I. AMENDMENTS**

22  
23 This Rate and Method of Apportionment of Special Taxes may be amended by the City and, to  
24 the maximum extent permitted by the Act, such amendments may be made without further notice  
25 under the Act and without notice to owners of Taxable Property within the District in order to (i)  
26 clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful  
27 procedures for the collection and enforcement of the Special Tax so as to assure the efficient  
28 collection of the Special Tax for the benefit of the owners of the Bonds, and (iii) otherwise  
29 improve the ability of the City to fulfill its obligations to levy and collect the Special Tax and to  
30 make it available for the payment of the Bonds and Administrative Expenses. No such  
31 amendment shall be approved unless and until the City has (a) found and determined that the  
32 amendment is necessary and appropriate and does not materially adversely affect the rights of the  
33 owners of the Bonds and (b) received an opinion of a nationally recognized bond counsel to the  
34 effect that the amendment is authorized pursuant to the terms of the Act, the Indenture of Trust,  
35 and any ordinances or resolutions adopted by the City related to the Bonds. Any such  
36 amendment may not increase the Maximum Special Tax.  
37

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

39  
40 The City shall make all interpretations and determinations related to the application of this Rate  
41 and Method of Apportionment of Special Taxes, unless stated otherwise herein or in the  
42 Indenture of Trust, and as long as there is a rational basis for the determination made by the City,  
43 such determination shall be conclusive.  
44

**North Locust Point Special Taxing District Rate and Method of Apportionment of Special Taxes**



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1

2 **Rate and Method of Apportionment of the Special Taxes**

3 A Special Tax shall be levied and collected in the City of Baltimore North Locust Point Special Taxing  
4 District (the "District") each Fiscal Year, beginning with the 2005-2006 Fiscal Year and continuing until  
5 the year provided for in Section F hereof, in an amount determined by the Mayor and City Council of  
6 Baltimore through the application of the procedures described below.

7 All of the real and personal property in the District, unless exempted by law or by the provisions hereof,  
8 shall be taxed for the purposes, to the extent and in the manner herein provided.

9 **A. DEFINITIONS**

10 The terms used herein shall have the following meanings:

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

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

14 **"Administrative Expenses"** means any or all of the following:

15  
16 (i) the fees and expenses of any fiscal agent or trustee employed by the City in connection with  
17 any Bonds;

18 (ii) the expenses of the City in carrying out its duties under the Indenture of Trust, including, but  
19 not limited to, levying and collecting the Special Tax and complying with arbitrage rebate  
20 requirements and obligated persons disclosure requirements associated with applicable  
21 federal and state securities law, including the costs of any employees of the City and fees of  
22 any professionals retained by the City to provide services for such purposes; and

23 (iii) all other costs and expenses of the City, Trustee, or Administrator incurred in connection  
24 with the discharge of their respective duties under the Indenture of Trust, including legal  
25 expenses associated with such duties, and, in the case of the City, in any way related to the  
26 administration of the District.

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

30 **"Bond Year"** shall have the meaning given to such term in the Indenture of Trust.

31 **"Bonds"** means any bonds or other debt, including refunding bonds, whether in one or more series,  
32 issued by the City relating to the District pursuant to the Act.

33 **"Building Square Footage"** means the actual leasable building area as shown on the building  
34 permit, architectural plans or other available documents, as estimated by the Administrator.

5 **"City"** means the Mayor and City Council of Baltimore, Maryland.

1 **"Commercial Property"** means Taxable Property other than Residential Property and Parking  
2 Property.

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

5 **"Equivalent Unit Factors"** means 1.0 per unit for Residential Property, 0.13 per parking space for  
6 Parking Property, and 1.95 per 1,000 square feet of Building Square Footage for Commercial  
7 Property.

8 **"Equivalent Units"** means the Equivalent Unit Factor for Residential Property, Parking Property,  
9 and Commercial Property multiplied by the actual number of units of Residential Property, each  
10 1,000 square feet of actual Building Square Footage for Commercial Property, and the actual number  
11 of parking spaces for Parking Property, respectively. In the event there are no Parcels with actual  
12 units of Residential Property, actual square feet of Commercial Property, or actual parking spaces,  
13 Equivalent Units shall be equal to the square ~~feet~~ feet of land area of each Parcel multiplied by an  
14 Equivalent Use Unit Factor of 1 for each acre.

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

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

18 **"Maximum Special Tax"** means the Special Tax determined in accordance with Section B.1.

19 **"Owner Association Property"** means, for any Fiscal Year, any real property within the boundaries  
20 of the District that is owned by or irrevocably offered for dedication to a property owner's association  
21 and available for use in common by the homeowners; provided, however, that real property that has  
22 been irrevocably offered for dedication includes only those parcels for which a copy of the offer has  
23 been provided to the Administrator.

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

26 **"Parking Property"** means a Parcel of Taxable Property for which the primary use is the parking of  
27 vehicles.

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

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

33 **"Public Property"** means property within the boundaries of the District owned by, or irrevocably  
34 offered for dedication (in a plat map approved by the City or otherwise) to the federal government,  
35 State of Maryland, City, or other public agency or easements for the exclusive use of a public utility  
36 provider; provided, however, that exclusive use utility easements and real property that has been  
37 irrevocably dedicated includes only those parcels for which a copy of the easement or offer has been  
38 provided to the Administrator.

39 **"Residential Property"** means a Parcel of Taxable Property for which a building permit has been  
40 issued for purposes of constructing a residential dwelling unit(s).

1       **“Special Tax”** means the Special Tax that may be levied by the City each Fiscal Year to fund the  
2       Special Tax Requirement.

3       **“Special Tax Credit”** means, for any Fiscal Year, the Tax Increment Revenues collected from a  
4       Parcel for that Fiscal Year. For purposes of calculating the Tax Increment Revenues for each Parcel,  
5       the base year value shall be allocated to each Parcel on the basis of the assessed value of each Parcel.  
6

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

8       **“Supervisor”** means the Supervisor of Assessments for the City.

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

11       **“Tax Increment Revenues”** means the amounts paid into the Tax Increment Fund each year by the  
12       City.

13       **“Taxable Property”** means any Parcel that is not Public Property or Owner Association Property.

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

## 16       **B. SPECIAL TAX RATES**

### 17       **1. Maximum Special Tax**

18               The Maximum Special Tax for the 2005-06 Fiscal Year shall be equal to \$350,000. On each  
19               July 1, commencing July 1, 2006, the Maximum Special Tax shall be increased to 102 percent  
20               of the respective Maximum Special Tax in effect in the previous Fiscal Year. The Maximum  
21               Special Tax for each Parcel shall be equal to the following formula:

$$22 \qquad \qquad \qquad A = (B \div C) \times D$$

23               Where the terms have the following meaning:

- 24               A = The Maximum Special Tax for a Parcel  
25               B = The Equivalent Units of the Parcel  
26               C = The total Equivalent Units estimated for all of the Parcels in the District  
27               D = The Maximum Special Tax as stated above.

### 28       **2. Adjusted Maximum Special Tax**

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

$$32 \qquad \qquad \qquad A = [(B \div C) \times D] - E$$

33               Where the terms have the following meaning:

- 34               A = The Adjusted Maximum Special Tax for a Parcel  
35               B = The Maximum Special Tax for the District  
36               C = The total Equivalent Units estimated for all of the Parcels in the District

1           D = The Equivalent Units built on a Parcel.  
2           E = The Special Tax Credit for the Parcel

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

5           **3. Personal Property**

6           The special tax rate on personal property shall be zero.

7           **C. LEVY OF THE SPECIAL TAX**

8           **1. Special Tax Requirement**  
9

10          The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and  
11          determined by the City and shall be an amount equal to

12           (A) the amount required in any Fiscal Year to pay:

- 13                   (1) debt service and other periodic costs (including deposits to any sinking funds) on the  
14                   Bonds to be paid from the Special Taxes collected in such Fiscal Year,  
15                   (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any  
16                   previous Fiscal Year and not paid by the District,  
17                   (3) any amount required to replenish any reserve fund established in association with  
18                   any Bonds,  
19                   (4) an amount equal to the estimated delinquencies expected in payment of the Special  
20                   Tax not otherwise taken into account, and  
21                   (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility  
22                   fees (including such fees for instruments that serve as the basis of a reserve fund  
23                   related to any indebtedness in lieu of cash), less

24           (B) (1) Tax Increment Revenues available to apply to the Special Tax Requirement for that  
25           Fiscal Year,

26                   (2) any credits available pursuant to the Indenture of Trust, such as capitalized interest,  
27                   reserves, and investment earnings on any account balances, and

28                   (3) any other revenues available to apply to the Special Tax Requirement.

29           **2. Levy of the Special Tax**

30           Commencing with the 2005-06 Fiscal Year and for each following Fiscal Year, the City shall  
31           determine the Special Tax Requirement, if any, for the applicable Fiscal Year and shall levy the  
32           Special Tax Proportionately on each Parcel of Taxable Property in an amount up to the Adjusted  
33           Maximum Special Tax for each Parcel such that the total of the Special Tax levied is equal to the  
34           Special Tax Requirement.

35           The Administrator shall provide an estimate to the City each Fiscal Year of the amount of the  
36           Special Tax to be levied on each Parcel in conformance with the provisions of this section.

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

2           The circumstances under which the Special Tax levied on any Parcel may be increased as a result  
3           of a default in the payment of the Special Tax levied on any other Parcel is based on the  
4           provisions of Section C.1. and 2.

5           The Special Tax levied on any Parcel cannot be increased above the Adjusted Maximum Special  
6           Tax as a result of a default in the payment of the Special Tax levied on any other Parcel. If the  
7           Special Tax levied on any Parcel pursuant to the provisions of Section C.1. and 2. is less than the  
8           Adjusted Maximum Special Tax for such Parcel, the Special Tax may be increased up to the  
9           Adjusted Maximum Special Tax as a result of a default in the payment of the Special Tax levied  
10          on any Parcel.

11          **D. EXEMPTIONS**

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

13          **E. MANNER OF COLLECTION**

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

18          **F. TERMINATION OF SPECIAL TAX**

19          Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be  
20          levied after the earlier of (i) the repayment or defeasance of the Bonds, (ii) the 2034-2035 Fiscal  
21          Year, and (iii) such time provided for by the Indenture of Trust. After such Fiscal Year, and the  
22          collection of any delinquent Special Taxes, penalties and interest, the Director of Finance shall cause  
23          a document evidencing such termination of the levy and collection to be recorded in the land records  
24          of the City.

25          **G. REDUCTION IN THE MAXIMUM PROPERTY TAX RATE**

26          The Maximum Special Tax shall be reduced by the Director of Finance once the Bonds are issued to  
27          reflect the actual rate of interest on the Bonds and the amount of Bonds actually issued, to a rate that  
28          provides for adequate Special Tax revenue to pay the debt service on the Bonds and any other  
29          expected amounts of the Special Tax Requirement as provided for in the Indenture of Trust.

30          The methodology for determining the reduced Maximum Special Tax shall be the same as that used  
31          to calculate the Maximum Special Tax provided for herein, adjusting only for the actual annual  
32          payments due on the Bonds.

33          **H. APPEALS OF THE LEVY OF THE SPECIAL TAX**

34          Any property owner claiming that the amount or application of the Special Tax is not correct and  
35          requesting a refund may file a written notice of appeal and refund to that effect with the  
36          Administrator not later than one calendar year after having paid the Special Tax that is disputed.

1 The Administrator shall promptly review the appeal and, if necessary, meet with the property owner,  
2 consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If  
3 the decision of the Administrator requires the Special Tax to be modified or changed in favor of the  
4 property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment  
5 shall be made to the next Special Tax levy on that Parcel. The decision of the Administrator may be  
6 appealed to the City.

7 This procedure shall be exclusive and its exhaustion by any property owner shall be a condition  
8 precedent to any other appeal or legal action by such owner.

#### 9 I. AMENDMENTS

10 This Rate and Method of Apportionment of Special Taxes may be amended by the City and, to the  
11 maximum extent permitted by the Act, such amendments may be made without further notice under  
12 the Act and without notice to owners of Taxable Property within the District in order to

13 (i) clarify or correct minor inconsistencies in the matters set forth herein,

14 (ii) provide for lawful procedures for the collection and enforcement of the Special Tax so as to  
15 assure the efficient collection of the Special Tax for the benefit of the owners of the Bonds,  
16 and

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

20 No such amendment shall be approved unless and until the City has

21 (a) found and determined that the amendment is necessary and appropriate and does not  
22 materially adversely affect the rights of the owners of the Bonds and

23 (b) received an opinion of a nationally recognized bond counsel to the effect that the amendment  
24 is authorized pursuant to the terms of the Act, the Indenture of Trust, and any ordinances or  
25 resolutions adopted by the City related to the Bonds.

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

#### 27 J. INTERPRETATION OF PROVISIONS

28 The City shall make all interpretations and determinations related to the application of this Rate and  
29 Method of Apportionment of Special Taxes, unless stated otherwise herein or in the Indenture of  
30 Trust, and as long as there is a rational basis for the determination made by the City, such  
31 determination shall be conclusive.

**TAX INCREMENT AND SPECIAL TAX REPORT**

\$20,195,000  
MAYOR AND CITY COUNCIL OF BALTIMORE  
(City of Baltimore, Maryland)  
CONSOLIDATED SPECIAL OBLIGATION REFUNDING BONDS  
(TAX INCREMENT FINANCING PROJECTS)  
SERIES 2015

**Assumptions and Limitations**

These projections are an illustration of certain information based on specific assumptions, not a forecast of future events. Tax increment revenues and special taxes will probably not be levied or collected in the amounts shown in these projections. Assessed values and tax rates will probably not be the amounts shown in these projections. There are likely to be other variables that could affect the amount and the availability of tax increment revenues and special taxes that are not addressed in these projections. Key assumptions and the sources of information relied upon in these projections are set forth in such projections and also includes the following:

Net Annual Debt Service: Principal, interest, and other assumptions regarding the net annual debt service are based on this Official Statement. Trustee expenses and costs related to administration are estimated. These expenses and the actual investment income may be different than estimated in these projections and this could affect the projected debt service coverage.

Projected Assessed Value: are based on information from the State Department of Assessments and Taxation. Values in subsequent years are projected to increase by two percent each year. This assumption is not based on any research or statistical basis.

Projected Tax Rates: The City sets its real property tax rate each year. These projections assume there is no change in the real property tax rates from year to year. Real property tax rates will not likely remain the same in the future. No effort has been made to estimate or project these variations in tax rates in future years.

MuniCap, Inc. has not independently verified any of the information utilized in these projections and has relied on the information as provided in this Official Statement. A narrative description of these projections has not been provided and the projections may not be self-explanatory. Questions regarding the projections should be addressed to MuniCap, Inc. prior to any reliance on these projections. MuniCap, Inc. is not responsible for any misuse, misunderstanding, or misapplication of these projections.



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**MAYOR AND CITY OF BALTIMORE  
CONSOLIDATED SPECIAL OBLIGATION  
REFUNDING BONDS  
(TAX INCREMENT FINANCING PROJECTS)  
SERIES 2015**

**TAX INCREMENT AND SPECIAL TAX REPORT**

**JUNE 3, 2015**

**PREPARED BY:**



**MAYOR AND CITY OF BALTIMORE  
CONSOLIDATED SPECIAL OBLIGATION  
REFUNDING BONDS  
(TAX INCREMENT FINANCING PROJECTS)  
SERIES 2015**

**TAX INCREMENT AND SPECIAL TAX REPORT**

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**MAYOR AND CITY OF BALTIMORE  
CONSOLIDATED SPECIAL OBLIGATION  
REFUNDING BONDS  
(TAX INCREMENT FINANCING PROJECTS)  
SERIES 2015**

**TAX INCREMENT AND SPECIAL TAX REPORT**

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## *I. Executive Summary*

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### **PURPOSE OF STUDY**

The purpose of this study is to provide estimates of real property tax increment revenues that will be generated within certain development districts in the City of Baltimore (the “City”) and available to repay bonds to be issued by the City. In particular, the study provides estimates of future real property tax increment revenues generated by the property within: the Harborview Lot #2 Development District (the “Harborview Development District”), the Strathdale Manor Development District (the “Strathdale Development District”), the Clipper Mill Development District (the “Clipper Mill Development District”), and the North Locust Point Development District (the “North Locust Point Development District”), collectively referred to herein as the “Development Districts.”

The tax increment revenue generated within the Development Districts will be used to secure debt service on the Consolidated Special Obligation Refunding Bonds Series 2015 (the “Series 2015 Bonds”).

Each portion of the Series 2015 Bonds secured by tax increment revenues from the Development Districts will also be secured by Special Taxes that can be levied upon properties in the Harborview Lot #2 Special Taxing District (the “Harborview Special Taxing District,” and, together with the Harborview Development District, the “Harborview Districts”), the Strathdale Manor Special Taxing District (the “Strathdale Special Taxing District,” and, together with the Strathdale Development District, the “Strathdale Districts”), the Clipper Mill Special Taxing District (the “Clipper Mill Special Taxing District,” and, together with the Clipper Mill Development District, the “Clipper Mill Districts”), and the North Locust Point Special Taxing District (the “North Locust Point Special Taxing District,” and, together with the North Locust Point Development District, the “North Locust Point Development Districts”), respectively, collectively referred to herein as the “Special Taxing Districts.”<sup>1</sup> Potential Special Tax revenue is also discussed in this report.

This report is intended to be included in the Official Statement for the Series 2015 Bonds, and is meant to comply with guidelines set forth by the National Federation of Municipal Analysts in *White Paper on Expert Work Products*.

### **SCENARIOS**

Because real property taxes are generated on an ad valorem basis, it is first necessary to estimate future assessed values resulting from growth within the Development Districts over an established base value. This study provides estimated assessed values, real property tax increment revenues, and debt service coverage based on the following assumptions:

---

<sup>1</sup> The Development Districts and the Special Taxing Districts are generally coterminous. The North Locust Point Development District contains parcels that are not included in the North Locust Point Special Taxing District, as identified and explained in subsequent sections of this report.

### ***Scenario A***

- Real property values are based on the current and phased-in assessed values as reported by the Maryland State Department of Assessments and Taxation;
- Property tax credits and abatements expire as scheduled;
- Additional homeowner tax credits are extended, as more fully discussed in subsequent sections of this report;
- Real property tax rates remain static at the Tax Year 2014/2015 level in future years; and
- Real property values remain static at their current final phased-in assessed value;

### ***Scenario B (assumptions differ from Scenario A as follows)***

- Real property values increase at an annual net two percent rate of inflation beginning in the tax year beginning July 1, 2016.

## **ORGANIZATION OF STUDY**

This report begins with a discussion of the assessment and tax collection procedures within the City of Baltimore. Following this discussion is an analysis of historic appreciation within the City. The report continues with a narrative describing the existing Development Districts and Special Taxing Districts. Following this section, the study provides a projection of the assessed values within the Development Districts as calculated for each of the scenarios listed earlier based on various accepted valuation techniques.

The subsequent sections of the report provide calculations of incremental tax revenues based on estimated assessed value, as well as a discussion of potential Special Tax revenues. The report concludes with a projection of debt service coverage based on estimates of available revenues and debt service.

## **RESULTS OF STUDY**

### **Assessed Values**

The projected assessed and incremental values are shown for each Development District in Table I-A. Values are at full stabilization and do not include inflation. Refer to Appendix A, attached hereto, for detailed projections of assessed value on an annual basis.

**TABLE I-A<sup>2</sup>**  
**Projected Assessed Values – Development Districts**

<i><b>Development District</b></i>	<i><b>Projected Assessed Value</b></i>	<i><b>Base Value</b></i>	<i><b>Incremental Assessed Value</b></i>
Clipper Mill	\$51,998,700	(\$823,200)	\$51,175,500
Harborview	\$71,408,900	(\$1,169,800)	\$70,239,100
Strathdale	\$34,104,400	\$0	\$34,104,400
North Locust Point	\$79,457,400	(\$8,598,700)	\$70,858,700
<b>Total</b>	<b>\$236,969,400</b>	<b>(\$10,591,700)</b>	<b>\$226,377,700</b>

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<sup>2</sup> The methodology used to calculate assessed values is explained in subsequent sections of this report.

### Tax Increment

As outlined earlier, the assessed values displayed in Table I-A are the basis for estimating incremental real property taxes. The projected incremental taxes are shown in Table I-B for the annual bond period ending June 15, 2016 and for the year of maximum annual debt service.

**TABLE I-B<sup>3</sup>**  
**Projected Incremental Taxes – Development Districts**

<i>Scenario</i>	<i>Annual Incremental Taxes Available -- Bond Period Ending June 15, 2016.<sup>(a)</sup></i>	<i>Annual Incremental Taxes Available -- Year of MADS<sup>(b)</sup></i>	<i>Cumulative Total Through Final Maturity<sup>(c)</sup></i>
<b><u>Scenario A</u></b>			
Clipper Mill	\$821,759	\$1,058,883	\$19,211,163
Harborview	\$1,148,331	\$1,445,936	\$26,292,177
Strathdale	\$691,378	\$673,183	\$12,880,618
<u>North Locust Point</u>	<u>\$1,270,101</u>	<u>\$1,561,046</u>	<u>\$27,642,125</u>
<b>Total</b>	<b>\$3,931,569</b>	<b>\$4,739,047</b>	<b>\$86,026,082</b>
<b><u>Scenario B</u></b>			
Clipper Mill	\$821,759	\$1,460,380	\$22,170,660
Harborview	\$1,148,331	\$1,619,594	\$29,933,350
Strathdale	\$691,378	\$888,251	\$15,180,990
<u>North Locust Point</u>	<u>\$1,270,101</u>	<u>\$1,781,890</u>	<u>\$32,205,899</u>
<b>Total</b>	<b>\$3,931,569</b>	<b>\$5,750,114</b>	<b>\$99,490,900</b>
<sup>(a)</sup> Taxes available for the annual bond period ending June 15, 2016 are based on projected assessed values as of January 1, 2015 and a final tax due date as of December 31, 2015.			
<sup>(b)</sup> Based on scheduled debt service as provided by Stifel, Nicolaus, and Company. Maximum annual debt service will occur in different years for each sub-series of the Series 2015 Bonds: the bond period ending June 15, 2033 for the Series 2015 Clipper Mill Bonds, June 15, 2024 for the Series 2015 Harborview Bonds, June 15, 2030 for the Series 2015 Strathdale Bonds, and June 15, 2024 for the Series 2015 North Locust Point Bonds. Includes projected principal and interest only.			
<sup>(c)</sup> Final maturity of the Series 2015 Bonds is scheduled to be the bond period ending June 15, 2033.			

### Debt Service Coverage

The Series 2015 Bonds are being issued to provide funds, together with other available funds, to: (i) refund all of the City's outstanding Special Obligation Bonds (Harborview Lot #2 Project) Series 2003 (the "Harborview Prior Bonds"), Special Obligation Bonds (Strathdale Manor Project) Series 2004 (the "Strathdale Prior Bonds"), Special Obligation Bonds (Clipper Mill Project) Series 2004 (the "Clipper Mill Prior Bonds") and Special Obligation Bonds (North Locust Point Project) Series 2005 (the "North Locust Point Prior Bonds" and together with the Harborview Prior Bonds, the Strathdale Prior Bonds, and the Clipper Mill Prior Bonds, the "Prior Bonds"), (ii) make initial deposits to certain accounts within the Reserve Fund; and (iii) pay certain costs relating to the issuance of the Series 2015 Bonds and certain other administrative, legal, financing and other costs.

<sup>3</sup> The methodology used to calculate assessed values is explained in subsequent sections of this report.

Under the terms contemplated for the refunding bonds, the Series 2015 Bonds will have a total principal amount of \$20,195,000.

Table I-C displays the estimated debt service coverage in the year of maximum annual debt service for Scenario A. The table shows debt service coverage in total, as well as for the bonds apportioned to each individual Development District. In addition, the table shows coverage of total debt service net of the tax increment revenues from each individual Development District.

**TABLE I-C**  
**Projected Debt Service Coverage – Scenario A**

<i>Development District</i>	<i>Projected Incremental Taxes in Year of MADS<sup>(a)</sup></i>	<i>Maximum Annual Debt Service<sup>(b)</sup></i>	<i>Debt Service Coverage</i>
Clipper Mill	\$1,058,883	\$724,500	146.2%
Harborview	\$1,445,936	\$562,000	257.3%
Strathdale	\$673,183	\$593,250	113.5%
North Locust Point	\$1,561,046	\$224,250	696.1%
<b>Total</b>	<b>\$4,739,047</b>	<b>\$2,104,000</b>	<b>225.2%</b>
(net of Clipper Mill increment)	\$3,680,164	\$2,104,000	174.9%
(net of Harborview increment)	\$3,293,111	\$2,104,000	156.5%
(net of Strathdale increment)	\$4,065,864	\$2,104,000	193.2%
(net of Locust Point increment)	\$3,178,001	\$2,104,000	151.0%

<sup>(a)</sup>See Table I-B.

<sup>(b)</sup>Based on scheduled debt service provided by Stifel, Nicolaus, and Company. Maximum annual debt service is projected to occur in bond period ending June 15, 2033 for the Series 2015 Clipper Mill Bonds, June 15, 2024 for the Series 2015 Harborview Bonds, June 15, 2030 for the Series 2015 Strathdale Bonds, and June 15, 2024 for the Series 2015 North Locust Point Bonds. Includes projected principal and interest only.

Table I-D on the following page displays the estimated debt service coverage in the year of maximum annual debt service for Scenario B.



**TABLE I-D**  
**Projected Debt Service Coverage – Scenario B**

<i>Development District</i>	<i>Projected Incremental Taxes in Year of MADS<sup>(a)</sup></i>	<i>Maximum Annual Debt Service<sup>(b)</sup></i>	<i>Debt Service Coverage</i>
Clipper Mill	\$1,460,380	\$724,500	201.6%
Harborview	\$1,619,594	\$562,000	288.2%
Strathdale	\$888,251	\$593,250	149.7%
North Locust Point	\$1,781,890	\$224,250	794.6%
<b>Total</b>	<b>\$5,750,114</b>	<b>\$2,104,000</b>	<b>273.3%</b>
(net of Clipper Mill increment)	\$4,289,734	\$2,104,000	203.9%
(net of Harborview increment)	\$4,130,520	\$2,104,000	196.3%
(net of Strathdale increment)	\$4,861,864	\$2,104,000	231.1%
(net of Locust Point increment)	\$3,968,224	\$2,104,000	188.6%

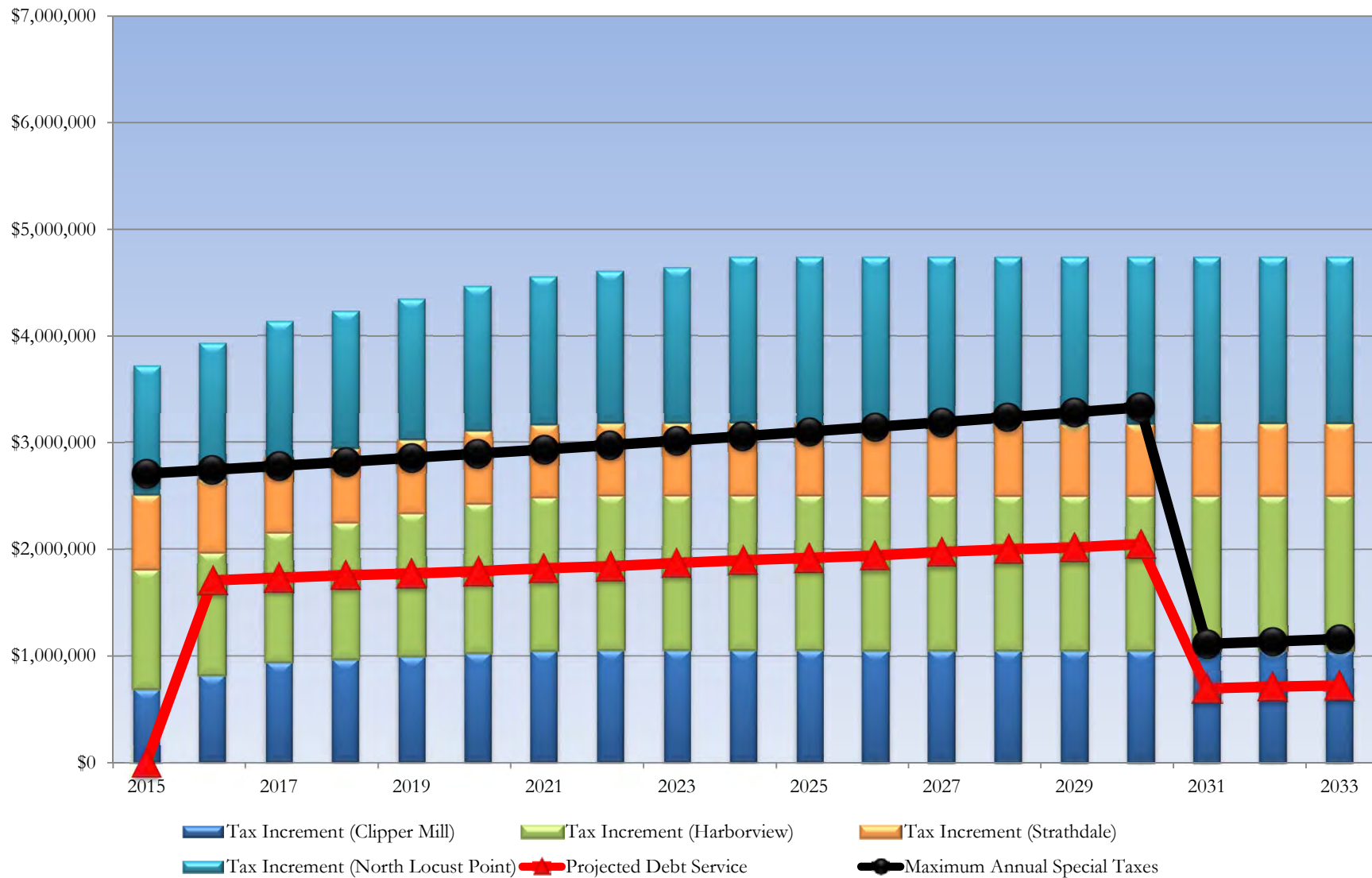
<sup>(a)</sup>See Table I-B.  
<sup>(b)</sup>Based on scheduled debt service provided by Stifel, Nicolaus, and Company. Maximum annual debt service is projected to occur in bond period ending June 15, 2033 for the Series 2015 Clipper Mill Bonds, June 15, 2024 for the Series 2015 Harborview Bonds, June 15, 2030 for the Series 2015 Strathdale Bonds, and June 15, 2024 for the Series 2015 North Locust Point Bonds. Includes projected principal and interest only.

Projected debt service, increment, and debt service coverage on an annual basis is included in Schedules II-A through II-E (Scenario A) and Schedules III-A through III-E (Scenario B) of Appendix A, attached hereto.

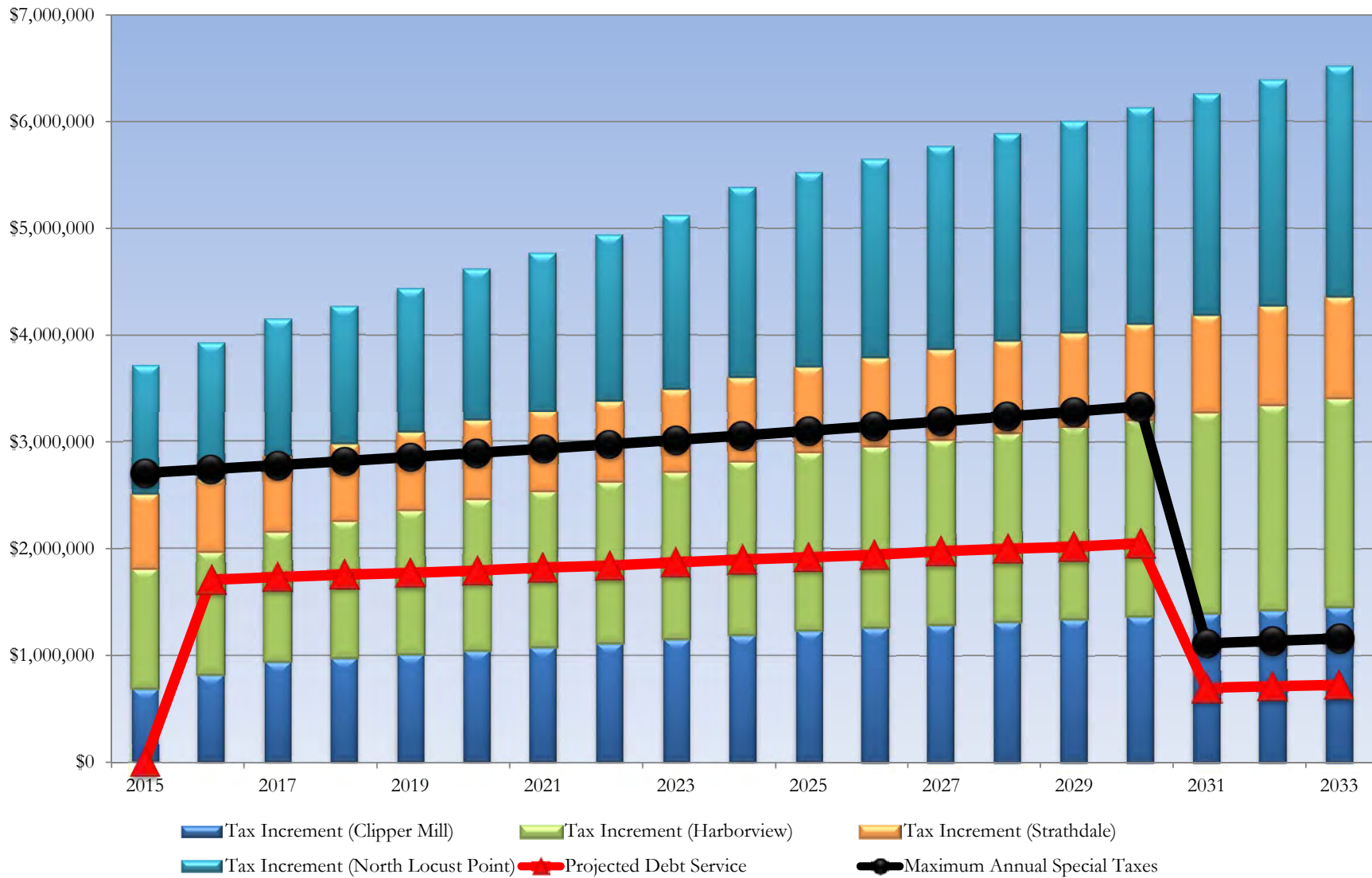
In the event that tax increment revenues from any individual Development District are insufficient to pay debt service on the portion of the Series 2015 Bonds allocated to that Development District, the shortfall would first be paid from Special Taxes levied upon properties within the associated Special Taxing District. Any remaining shortfalls would be paid by excess tax increment revenues, if any, from the other Development Districts. ***Under both scenarios, no Special Taxes are projected to be collected in any year for any Special Taxing District for the life of the Series 2015 Bonds.***

The attached Charts 1 and 2 at the end of this executive summary graphically expresses the projected debt service coverage under Scenarios A and B, respectively.

# **CHART 1: PROJECTED REVENUES & DEBT SERVICE (ALL DISTRICTS -- SCENARIO A)**



**CHART 2: PROJECTED REVENUES & DEBT SERVICE  
(ALL DISTRICTS -- SCENARIO B)**



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## ***II. Assessment and Tax Collection Procedures***

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### **ASSESSMENT PROCEDURES**

#### **Overview**

Pursuant to Maryland law, all taxes upon real property must be “laid upon the actual value of the property taxed in a fair and equitable manner.” The Supervisor of Assessments for the City of Baltimore, appointed by the Maryland State Department of Assessments and Taxation (“SDAT”), assesses properties on a triennial basis, with one-third of the properties in the City reassessed every year. The Supervisor of Assessments performs a number of functions, including the tasks of appraising and listing all real property for taxation that is located in the City of Baltimore and maintaining an inventory of all real estate within the City, including depictions of land ownership boundaries, data records showing ownership, and legal descriptions.

#### **Schedule**

Property is assessed as of its condition on January 1 of the assessment year. The property is assessed once every three years in the State of Maryland unless new improvements are made to the property. Property is reassessed for new improvements each quarter. There are three Assessment Areas in the City of Baltimore. The next reassessment date for each Assessment Area is as follows:<sup>4</sup>

<b><u>Assessment Area</u></b>	<b><u>Reassessment Year</u></b>
Assessment Area 1	January 1, 2016
Assessment Area 2	January 1, 2017
Assessment Area 3	January 1, 2018

Table II-A provides Assessment Area information for each of the Development Districts.

**TABLE II-A**  
**Assessment Area by Development District**

<b><i>Development District</i></b>	<b><i>Assessment Area</i></b>	<b><i>Last Reassessment</i></b>	<b><i>Next Reassessment</i></b>
Clipper Mill	Area 2	January 1, 2014	January 1, 2017
Harborview	Area 3	January 1, 2015	January 1, 2018
Strathdale	Area 1	January 1, 2013	January 1, 2016
North Locust Point	Area 3	January 1, 2015	January 1, 2018

Source: Maryland State Department of Assessments and Taxation.

Property owners receive assessment notices in the December preceding the January 1 assessment date. Upon receipt of the assessment notice, property tax owners may begin the appeals process. A detailed schedule of the assessment, appeals, and taxation process is included as Table II-E of this section.

---

<sup>4</sup> Source: Maryland State Department of Assessments and Taxation.

## Methodology

Maryland law requires assessed values to be based on full cash value as established by selling prices in a market area. Since assessments are performed every three years, the Supervisor of Assessments is required to calculate a “phase-in assessment.” For any increase in the full cash value of a property, Maryland law requires that the increase in value over the old value be “phased-in” over the next three years. For example, a property formerly appraised at \$100,000 is reappraised at \$130,000. In this example, the new appraisal is \$30,000 higher than the old appraisal. The \$30,000 is “phased-in” equally over the next three years with the following phase-in assessments: 1st year, \$110,000; 2nd year, \$120,000; 3rd year, \$130,000.

The Supervisor of Assessments uses different valuation methods depending on property type:

**Cost Approach** – As the name implies, the cost approach values property on the basis of the costs of development. The value of a structure is determined by estimating the cost to replace the building with a new structure and then subtracting depreciation. This method assumes the cost of replacing the existing building plus the value of the land equals market value. The steps in applying the cost approach include:

- Estimating the site value (land and site improvements) through a review of comparable sales;
- Estimating the cost of replacing the existing building with one of similar usefulness (reflecting current building design and materials); and
- Deducting all sources of depreciation, including physical deterioration (“wear and tear” on a building) and functional and economic obsolescence. Functional obsolescence is the reduced ability of the building to perform the function it was originally designed and built for. Economic obsolescence refers to external forces that affect the ability of the building to continue to perform, including changes in transportation corridors, new types of building design demanded by the market, etc.

The cost approach is relied upon most often when the property being appraised is new or nearly new and income is not yet stabilized, where there are no comparable sales, or where the improvements are relatively unique or specialized.

**Sales Comparison Approach** – The sales comparison approach is based on the premise that the value of a specific property is set by the price an informed purchaser would pay for a comparable property, offering similar desirability and usefulness. For instance, if recent sales of condominium units within the same building indicate an increase in market values, all assessed values for condominiums in the building will be reassessed to reflect this increase in market value. This requires an understanding of all market variables, including location, property size, physical features and economic factors. The process of identifying and analyzing comparable property sales is repeated until a satisfactory range of value indicators for the subject property is established and a final estimate of value is possible. The limitations of the sales comparison approach are that it requires recent and accurate sales data for similar properties. The sales comparison approach is relied upon most often for appraising for-sale residential property.

**Income Capitalization Approach** – The income capitalization approach to value is based on the premise that the value of a property is directly related to the income it will generate. The Supervisor

of Assessments analyzes both the property's ability to produce future income and its expenses, and then estimates the property's value. The Supervisor of Assessments develops a capitalization rate by analyzing the sales of similar income properties and determining the relationship between the sale price and net income.

The steps in applying the income capitalization approach are to determine the stabilized, net-operating income by:

- Estimating potential gross income from all sources;
- Deducting an allowance for vacancy and bad debts; and
- Deducting all direct and indirect operating expenses.

The resulting net-operating income is divided by a market capitalization rate, which reflects the property type and effective date of valuation to produce an estimate of overall property value.

To determine the potential gross income, the Supervisor of Assessments determines market rents by analyzing actual rental rates, both within the property being assessed and in comparable properties in the neighborhood, and making an allowance for vacancy and collection loss.

To determine the effective gross income, the Supervisor of Assessments deducts estimated operating expenses.

The Supervisor of Assessments determines the capitalization rate by analyzing sales (comparing net operating income to sale price) in the same market to determine rates of return. The capitalization rate will vary depending on the attractiveness of a property as an investment, income risks, and physical factors.

The income approach is relied upon most often when appraising properties that produce a rental income from single or multiple tenants. The capitalized value of the income stream provides an estimate of the market value of the property (land and improvements).

### Appeals

Property owners in the State of Maryland have the right to appeal property assessments on the basis of taxability, uniformity, or values. In the City of Baltimore, this appeal must be submitted within 45 days of notification that the property value has changed. Upon appeal, the Assessor reviews the claim and renders a decision. If the property owner still objects to the findings, the owner has 30 days to file an appeal with Property Tax Assessment Appeal Board, an independent board comprised of three local residents in the City.

Upon receiving the appeal, the Property Tax Assessment Appeal Board will schedule a hearing. If the property owner is not satisfied with the decision made by Property Tax Assessment Appeal Board, an appeal may be filed with the Maryland Tax Court within 30 days of the date of board's decision. Any discontent with the decision rendered by the Maryland Tax Court may be appealed to the Maryland Circuit Court. A detailed schedule of the assessment, appellate, and taxation process is included in Table II-E.



## TAXATION PROCEDURES

### Overview

The Director of Finance of the City of Baltimore takes the assessed value provided by the State Department of Assessments and Taxation, applies any applicable exemptions, and calculates taxes for each property. The Director of Finance then mails bills to corresponding property owners.

### Credits and Exemptions

#### *Credits Assumed in the TIF Study*

- 1) Owner-occupied residential property owners in City of Baltimore are eligible for tax credit programs that are designed to assist in reducing annual property taxes. The Newly Constructed Dwelling Property Tax Credit encourages construction and new home purchases within the City by providing a five-year real property tax credit on newly constructed or substantially rehabilitated dwellings. The credit in the first taxable year will be equal to 50% and decline by 10% each year thereafter. This credit is subject to the following qualifications:
  - A. Purchase a newly constructed or substantially rehabbed dwelling,
  - B. Occupy that dwelling as their principal residence for the duration of the credit period,
  - C. File an application for the tax credit within 90 days of settling on the purchase of the dwelling.

A number of property owners in the Clipper Mill and Harborview Development Districts are receiving this credit, the last of which is expected to expire in the Assessment Year beginning January 1, 2018.
- 2) The Homestead Credit limits the increase in taxable assessments each year to a fixed percentage. Every county and municipality in Maryland is required to limit taxable assessment increases to 10% or less each year. The Homestead Credit does not limit the market value of the property as determined by the Department of Assessments and Taxation. It is actually a credit applied against the tax due on the portion of the reassessment exceeding 10% (or the lower local limit) from one year to the next. The City has established the annual cap at 4% in the early 1990's and it has remained at 4% since then. The Homestead Credit is subject to the following conditions:
  - A. The property is the owner's primary residence and the owner must live in it for at least six months of the year,
  - B. The property was not transferred to new ownership,
  - C. There was no change in the zoning classification requested by the homeowner resulting in an increase in value of the property,
  - D. A substantial change did not occur in the use of the property, and
  - E. The previous assessment was not clearly erroneous.

Some parcels in the Clipper Mill, Harborview, and Strathdale Development Districts are currently paying taxes at a reduced rate due to the Homestead Credit. While the credit does not expire, it is expected to be less impactful over time for purposes of these projections, as values are assumed to increase at less than the 4% threshold allowed under the credit.

- 3) The Targeted Homeowners Tax Credit is automatically given to every owner-occupied residence that is eligible for a Homestead Tax Credit. The credit lowers the tax rate on the improved portion of the home's assessment. The City of Baltimore Board of Estimates sets the annual rate each year. For the Assessment Year beginning January 1, 2014, the credit lowered the tax rate by \$0.18. This study assumes that the credit increases by \$0.02 per year, until reaching a maximum of \$0.30 in the Assessment Year beginning January 1, 2020.

For purposes of these projections, the credit is assumed to be permanent and non-expiring.

While most of the residential parcels in the Clipper Mill, Harborview, and Strathdale Development Districts already receive this credit, it is assumed that the percentage of parcels receiving this credit will increase. The current and projected percentages of parcels receiving this credit are shown in Table II-B.

**TABLE II-B**  
**Percentage of Residential Assessed Value Claiming Targeted Homeowner's Credit**

<i><b>Development District</b></i>	<i><b>Percent of Residential Value Currently Receiving Credit<sup>(a)</sup></b></i>	<i><b>Percent of Residential Value Projected to Receive Credit</b></i>
Clipper Mill	80%	85%
Harborview	70%	85%
Strathdale	92%	95%

<sup>(a)</sup>Source: City of Baltimore Department of Finance records.

- 4) The Historic Restoration and Rehabilitation Property Tax Credit (the "Historic Tax Credit") is designed to promote preservation in historic properties. For projects under \$3.5 million, the ten year tax credit is 100%. For projects over \$3.5 million, the credit is equal to 80% in the first 5 taxable years and declines by ten percentage points each year in years six through 10.

Two parcels the Clipper Mill Development District, one with a value under \$3.5 million and one with a value over \$3.5 million, currently receive the Historic Tax Credit. For both parcels, the credit is expected to expire in the Assessment Year Beginning January 1, 2015.

- 5) If the property is non-residential and located in an Enterprise Zone, the property is eligible for a ten-year tax credit that encourages development in economically distressed areas as measured by unemployment, poverty status, population decline, or property abandonment. The credit is 80% of improved assessed value, or the difference between the base value and the improved value of the property, for the first five years and in years six through ten



decreases by 10% each year. State focus zones (located in Carroll, Camden and Westport and not in the Development Districts) are eligible for the 80% credit for the full ten years. One property within the North Locust Point Development District currently receives the Enterprise Zone Credit, with the Assessment Year Beginning January 1, 2015 being the third year the credit has been extended. The credit is expected to expire in the Assessment Year Beginning January 1, 2022.

### *Other Tax Credits Not Assumed in the TIF Study*

In addition to the aforementioned credits, there are several programs that result in real property tax credits, which are neither applicable nor assumed in this study due to the nature of the development or ineligibility of the property for the credits. The real property tax credits that could potentially affect tax levies but that are not considered herein include:

- F. The Vacant Dwelling Property Tax Credit provides a five-year tax credit with 100% of the city tax eligible in the first year.<sup>5</sup> The credit decreases by 20% each year over five years. The Tax Credit is applied only to the increased value of the dwelling due to improvements. An example of the credit would be if a vacant dwelling increased in value from \$100,000 to \$120,000, the credit will only apply to the \$20,000 increase. Therefore, the owner will pay taxes on the original \$100,000 and will receive a 100% credit towards taxes on the \$20,000 increase. In the second year, the owner will pay taxes on the original \$100,000 and will have an 80% credit on taxes for \$20,000 increase (owing taxes on \$4,000).

Properties that were vacant previously and have been rehabilitated may qualify for the Vacant Dwelling Property Tax Credit. This program encourages the reuse and renovation of vacant residential properties. Properties that qualify for this credit are as follows:

- A. Residential properties with no more than four dwelling units,
  - B. Must be cited as vacant and abandoned on a housing or building code violation notice for one year; or, have been owned by the Mayor and the City Council for more than one year, and are in need of substantial repairs to comply with the applicable city codes,
  - C. Property must have been substantially rehabilitated by the owner, bringing it into compliance with all codes and laws applying to the dwelling,
  - D. Property must be the principal residence of the owner applying for the tax credit.
- 2) The Fallen Hero Tax Credit was created to provide relief for surviving spouses of a “Fallen Hero,” an individual determined by the Fire and Police Employee’s Retirement Systems to have died in the line of duty pursuant to applicable provisions of the City Code. The tax credit granted is 100% of the City property tax levied on the dwelling. The credit continues year to year with eligibility determination within the application process. The property tax credit granted under this regulation may not be combined with any other tax credit or payment in lieu of taxes applicable to the dwelling.

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<sup>5</sup> Does not apply to new construction.

- 3) The State Department of Assessments and Taxation also offer a Homeowners' and Renters' Tax Credit program, designed to help low-income households by offering credits against property taxes in the event that they exceed a fixed percentage of the homeowner's gross income.

Generally speaking, to be eligible for the Homeowner's Tax Credit, the dwelling on which a homeowner is seeking the tax credit must be the principal residence for at least six months of the year (including July 1); the net worth of the homeowner (not including the value of the subject property or any qualified retirement savings or Individual Retirement Accounts) must be less than \$200,000; and the combined gross household income cannot exceed \$60,000. The tax credit is based upon the amount by which the property taxes exceed a percentage of the household income according to the following formula: 0% of the first \$8,000 of the combined household income; 4% of the next \$4,000 of income; 6.5% of the next \$4,000 of income; and 9% of all income above \$16,000.

The Renters' Tax Credit is available to applicants that have a bona fide leasehold interest in the property and are legally responsible for the rent. The annual gross household income for the applicant cannot exceed \$30,000. The apartment may be in an individual house or apartment building, duplex, co-op, condominium, house trailer or mobile home pad, but the applicant must live there at least six months of the year and be legally responsible for the rent. Various factors influence the calculation of the credit, such as age, disability, or income, but the maximum amount of credit is \$750. If the dwelling is owned by a tax-exempt charitable organization or is exempt in any way from property taxation, this tax credit cannot be granted.

- 4) The Baltimore City Home Improvement Property Tax Credit was designed to encourage improvements to residential properties by lessening the financial burden to homeowners and offers a five year reduction in property tax increases due to improvements completed on a home (100% of the credit available the first year and decreasing by 20 percent each year thereafter). Due to the extensive new construction, it is assumed that the Home Improvement Property Tax Credit will not apply to the Development Districts.
- 5) The Brownfields Property Tax Credit is a program designed to encourage the reuse and redevelopment of contaminated, abandoned or under-utilized industrial/commercial sites. This program offers credits for both real and personal property taxes on the increased property taxes after improvements. The credit is equal to 50% of the improved assessed value except for projects that spend more than \$250,000 in eligible work, in which case it is 70%. If the site is located in an Enterprise Zone, the credit will be applied over a ten year period, with the Enterprise Zone credit applied first. If the site is not located in an Enterprise Zone, the credit is applied over five years. The eligibility criteria for Brownfields Property Tax Credits are:
  - A. The site must be in the Maryland Voluntary Cleanup Program (VCP) or the Maryland Oil Control Program and there must be a letter from the Maryland Department of the Environment indicating no further action is needed;

- B. The site must be designated as a “Qualified Brownfields Site” by the Maryland Department of Business and Economic Development. Note that site owners who do not meet Maryland’s definition of an “Inculpable Person” are not eligible.
- 6) The Conservation Tax Credit was created to support preservation of conservation areas or open space properties. This credit applies to unimproved properties, subject to perpetual easement (donation) to the Maryland Environmental Trust, and approved by the Maryland Board of Public Works. Credits are provided for 15 years after the donation of the property equal to 100% of the assessment.
- 8) Properties located on the site of cemetery property, used as a dwelling by an employee of the owner of the exempt property are eligible for the Dwelling on Cemetery Property Credit. Applications must be filed on or before September 1<sup>st</sup> of the taxable year for which the credit is sought.

### Tax Rates

Tax rates are set on an annual basis by the City. The tax rates for 2014-2015 in the City are as follows:

*City tax rate* = \$2.248 per \$100 Assessed Value

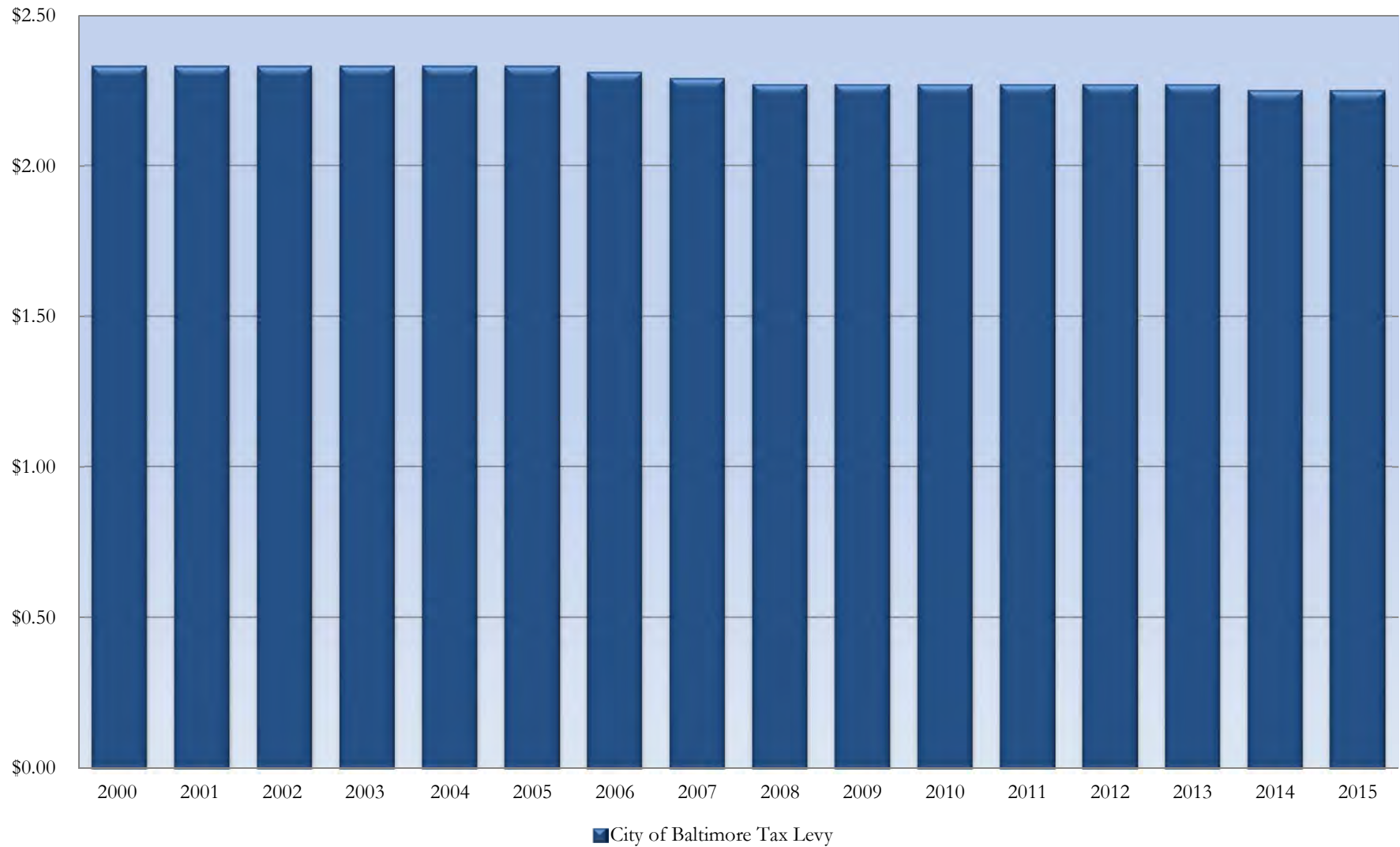
From 2000 through 2015, tax rates have declined 3.44%, which is a compounded average annual decline of 0.23%. Table II-C provides historical tax rates in the City of Baltimore over this time frame.

**TABLE II-C**  
**City of Baltimore Historical Tax Rates**

<i><b>Fiscal Year</b></i>	<i><b>Tax Rate Per \$100 Assessed Value<sup>(a)</sup></b></i>
2000	2.3280
2001	2.3280
2002	2.3280
2003	2.3280
2004	2.3280
2005	2.3280
2006	2.3080
2007	2.2880
2008	2.2680
2009	2.2680
2010	2.2680
2011	2.2680
2012	2.2680
2013	2.2680
2014	2.2480
2015	2.2480
<b>Overall Decrease</b>	<b>(3.44%)</b>
<b>Average Annual Decrease</b>	<b>(0.23%)</b>
<sup>(a)</sup> Source for years 2000-2013: <i>City of Baltimore Comprehensive Annual Financial Report</i> (City of Baltimore Department of Finance). Source for years 2014-2015: Maryland State Department of Assessments and Taxation. As of fiscal year 2002, real property taxes are assessed 100% of fair market value. Prior to fiscal year 2002, real property taxes were assessed at 40% of fair market value. This table shows effective rates prior to 2002.	

City tax rates have fluctuated in past years. It is likely that the tax rate will continue to change in the future; for projecting estimated futures tax revenues in this report, however, a static rate of 2.248 per \$100 assessed value was assumed for all scenarios.

**CHART 3: HISTORICAL REAL PROPERTY TAX RATES  
(PER \$1,000 ASSESSED VALUE)**



### Penalties and Interest

All taxes remaining unpaid after the city due dates are delinquent and are subject to interest and penalties. City taxes are payable bi-annually by September 30<sup>th</sup> and December 31<sup>st</sup> for owner-occupied residential property and commercial property with property taxes totaling less than \$100,000. For all other property, city taxes are payable in full by September 30<sup>th</sup>. The City offers a 0.5% discount if the tax bill is paid in full before August 1<sup>st</sup>. No discount is given for payments made on and after August 1<sup>st</sup>. On the day after the tax due date, interest accrues at the rate of 1% per month or any fraction of the month until paid and a penalty accrues at the rate of 1% for each month and fraction thereof until paid. Any additional fees and costs may accrue as collection actions are taken.

### Collection Rates

The timely and delinquent collection of City property tax levies for 2004-2013 are shown in Table II-D.

**TABLE II-D**  
**City of Baltimore – Historic Levies and Collections (in \$000's)**

<b><i>Fiscal Year</i></b>	<b><i>Total Tax Levy<sup>(a)</sup></i></b>	<b><i>Collected Within Fiscal Year<sup>(a)</sup></i></b>	<b><i>% Collected Within Fiscal Year</i></b>	<b><i>Total Tax Collections<sup>(a)</sup></i></b>	<b><i>% of Tax Levy Collected (Total Collections)</i></b>
2004	\$523,356	\$510,710	97.6%	\$524,945	100.3%
2005	\$548,552	\$529,074	96.4%	\$535,218	97.6%
2006	\$565,648	\$544,463	96.3%	\$552,624	97.7%
2007	\$599,534	\$577,759	96.4%	\$584,535	97.5%
2008	\$655,080	\$605,961	92.5%	\$616,562	94.1%
2009	\$728,359	\$671,869	92.2%	\$688,107	94.5%
2010	\$751,510	\$723,533	96.3%	\$740,553	98.5%
2011	\$777,332	\$750,144	96.5%	\$777,023	100.0%
2012	\$761,237	\$743,352	97.7%	\$754,233	99.1%
2013	\$763,106	\$732,467	96.0%	\$743,377	97.4%
<b>Average</b>			<b>95.8%</b>		<b>97.7%</b>
Source: <i>City of Baltimore Comprehensive Annual Financial Report</i> (City of Baltimore Department of Finance). Total tax collections for Fiscal Year 2010 and onward based on City of Baltimore unaudited financial statements for the Fiscal Year 2014.					
<sup>(a)</sup> Includes delinquent collections from prior years.					

According to City tax records, for the five year period from Fiscal Year Ending June 30, 2011 through Fiscal Year Ending June 30, 2015, approximately 98.5% of ad valorem real property taxes levied in the Development Districts were collected in a timely manner. Total collections for this period, including delinquent payments made subsequent to their original due date, approach 100% of the amount levied. Nonetheless, for purposes of this study, a permanent 2% collection loss (or 98% collection rate) is assumed in every year of the projections. This loss is meant to account for both non-payments and the 0.5% discount for bills paid in full by August 1<sup>st</sup>.

### Timeline

After the tax roll is submitted by SDAT at the beginning of January, the Director of Finance calculates taxes owed and sends bills beginning in July. The property owner has the right to appeal the assessed value, which must be submitted within 45 days of receiving an assessment notice. City property taxes are due by September 30<sup>th</sup> and December 31<sup>st</sup> for owner-occupied residential property and commercial property with real property taxes of less than \$100,000, and by September 30<sup>th</sup> for all other properties. Table II-E on the following page outlines the assessment, appeals and taxation timeline.

**TABLE II-E**  
**Assessment, Appellate, and Taxation Timeline**

<i><b>Process</b></i>	<i><b>Date</b></i>
Assessment notification mailed to property owners	Late December
Valuation date (Date of Finality) for real property <sup>(a)</sup>	January 1
Deadline for appealing reassessment notices mailed the prior December	Mid- February
Homeowners' tax credit applications received by this date will have credits reflected on property tax bills, if eligible	May 1
Director of Finance calculates and mails tax bills	July 1
Deadline to submit Homeowners' and Renters' tax credit applications and real property exemptions	September 1
Deadline to pay first installment of City taxes (owner-occupied and owners of commercial property whose property taxes do not exceed \$100,000)	September 30
Deadline to pay real property taxes without penalty (owners of commercial property whose property taxes exceed \$100,000)	September 30
Deadline to pay final installment of City taxes (owner-occupied and owners of commercial property whose property taxes do not exceed \$100,000)	December 31
Final bill and legal notice mailed to property owners who have not yet paid taxes	February 1
First of two instances of publication of properties going to tax sale	March
Mailing of notice to owners of properties subject to tax sale	March
Tax Sale	May
Source: Baltimore City Department of Finance and Department of Collections, Maryland State Department of Assessments and Taxation. <sup>(a)</sup> Valuation date (Date of Finality) for real property reflects property for which the assessment notices were mailed in late December.	

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### III. HISTORICAL APPRECIATION IN ASSESSED VALUES

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#### RESULTS

Property values typically appreciate over time. SDAT publishes an annual report for the most recently revalued reassessment area, which provides the average increase in assessments for each county since the previous triennial reassessment. Analysis of triennial changes to assessed value reveals robust appreciation for all real property for the time period selected (2000 through 2015).<sup>6</sup> The average annual appreciation for this time period was 5.16%. This percentage is calculated prior to taking into account the Homestead Credit, which restricts increases in owner-occupied housing assessed values to 4% annually.<sup>7</sup> Table III-A shows the average annual appreciation of assessed values in the City from 2000 to 2015. The percentage in any given year indicates the appreciation over the prior year and is not cumulative.

**TABLE III-A**  
**Historical Appreciation in Values (City of Baltimore)**

<i>Year</i>	<i>Increase Since Triennial Reassessment<sup>(a)</sup></i>	<i>Annual Appreciation<sup>(b)</sup></i>
2000	7.30%	2.38%
2001	10.30%	3.32%
2002	6.10%	1.99%
2003	23.00%	7.14%
2004	18.50%	5.82%
2005	21.60%	6.74%
2006	45.60%	13.34%
2007	58.50%	16.59%
2008	75.00%	20.51%
2009	20.90%	6.53%
2010	-2.60%	-0.87%
2011	-8.70%	-2.99%
2012	-6.80%	-2.32%
2013	-3.10%	-1.04%
2014	7.00%	2.28%
2015	9.60%	3.10%
Average Annual Appreciation		5.16%
<b>Compound Growth Rate</b>		<b>4.89%</b>

<sup>(a)</sup>Source: Maryland State Department of Assessments and Taxation.

<sup>(b)</sup>Represents compounded growth rate for three years, based on triennial reassessment.

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<sup>6</sup> MuniCap estimated annual appreciation based on the triennial growth reported by SDAT.

<sup>7</sup> As residential properties are sold, assessed values are reset to reflect current market values, rather than the value as restricted by the Homestead Credit. As a result, in the event that actual growth in market values exceeds 4%, annual growth in assessed values used for tax purposes can be expected to be somewhere between four percent and actual growth in assessed value.



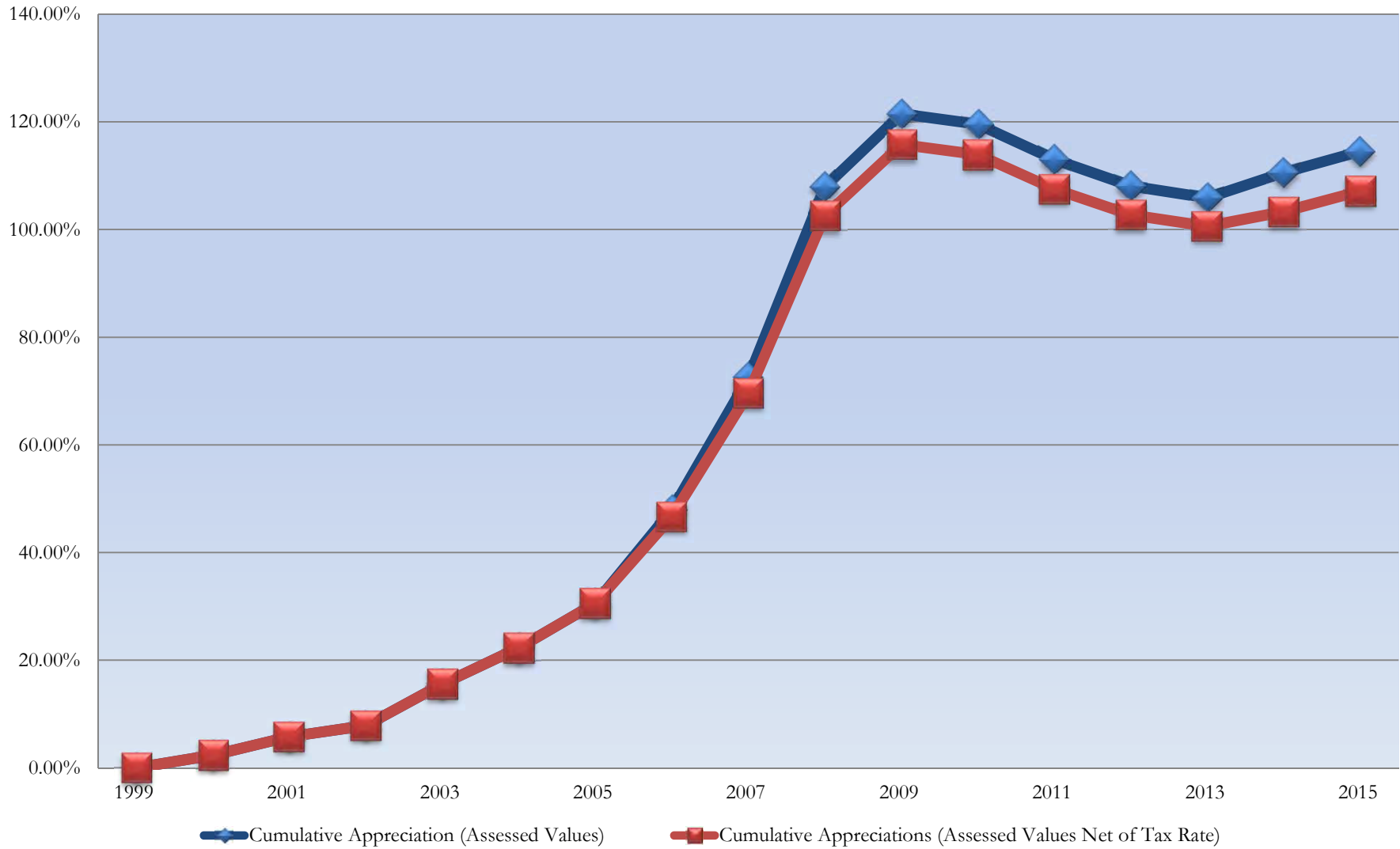
Based on the annual appreciation rates shown in Table III-A, the compound annual growth rate from 2000 to 2015 is 4.89%. Using the annual appreciation rates shown in Table III-A and the tax rates for this same period shown in Table II-C, the compound growth rate of taxes levied on a given parcel has been equal to 4.66%. This information is shown graphically in Chart 4 at the end of this section.

A future annual appreciation rate of 2% for all property has been used in Scenario B of this study to project future appreciated assessed values. Based on the historic trends outlined in this section, this rate is believed to be conservative, although it should be noted that values have depreciated in some years, including from 2010 through 2013.<sup>8</sup>

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<sup>8</sup> These declines coincided with the real estate crisis of 2008 and the ensuing recession. While the period of decline is not believed to be indicative of a long-term trend, values in future years will not appreciate at a uniform rate and values may depreciate in some years.

**CHART 4: CUMULATIVE HISTORIC APPRECIATION  
(BALTIMORE CITY)**



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## ***IV. DESCRIPTION OF DEVELOPMENT & SPECIAL TAXING DISTRICTS***

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### **ENABLING ACTS**

The Development Districts were created pursuant to the Tax Increment Act, as defined in the Official Statement. The Special Taxing Districts were created pursuant to the Special Taxing District Act, as defined in the Official Statement.

### **HISTORY AND DEVELOPMENT**

#### **Clipper Mill**

Pursuant to the Tax Increment Act, Ordinance 03-633, which was passed by the City Council on November 24, 2003, approved by the Mayor of the City on December 2, 2003, and effective on December 2, 2003, established the Clipper Mill Development District. Pursuant to the Special Taxing District Act, Ordinance 03-631, which was passed by the City Council on November 24, 2003, approved by the Mayor of the City on December 2, 2003, and effective on December 2, 2003, established the Clipper Mill Special Taxing District. The Clipper Mill Development District and Clipper Mill Special Taxing District are coterminous.

On April 14, 2004, the City issued the Clipper Mill Prior Bonds totaling \$7,877,000 to finance certain public improvements, including the construction of certain road, water, wastewater, storm drainage facilities or other related public infrastructure facilities, to support the construction of private mixed-use development.

The development within the Clipper Mill Districts, located on 17.2 acres in the north central section of the City, is a mixed-use project that includes both renovated historic buildings and new construction. Uses include artisan and office space, 36 rental apartments, and for-sale residential including 62 condominiums, 34 townhouses, 36 duplexes, and one single family home (133 total for-sale residential units).

The location of the Clipper Mill Districts is shown in Exhibit A at the end of this section.

#### **Harborview**

Pursuant to the Tax Increment Act, Ordinance 02-336, which was passed by the City Council on May 6, 2002, approved by the Mayor of the City on May 16, 2002, and effective on May 16, 2002, established the Harborview Development District. Pursuant to the Special Taxing District Act, Ordinance 02-337, which was passed by the City Council on May 6, 2002, approved by the Mayor of the City on May 16, 2002, and effective on May 16, 2002, established the Harborview Special Taxing District. The Harborview Development District and Harborview Special Taxing District are coterminous.

On May 14, 2003, the City issued the Harborview Prior Bonds totaling \$7,479,000 to finance certain public improvements, including the construction of a twenty-foot wide public promenade, an eight-foot wide landscaped area, and related amenities and access roads and ramps, as well as the demolition of existing bulkheading and construction of new bulkheading, to support the

construction of residential townhouse units by a private developer.

The development within the Harborview Districts, located on 3.8 acres of waterfront property in the southern portion of the City, is a completed for-sale residential project that includes a total of 87 townhome units.

The location of the Harborview Districts is shown in Exhibit B at the end of this section.

### **Strathdale**

Pursuant to the Tax Increment Act, Ordinance 03-540, which was passed by the City Council on May 19, 2003, approved by the Mayor of the City on May 21, 2003, and effective on May 21, 2003, established the Strathdale Development District. Pursuant to the Special Taxing District Act, Ordinance 03-541, which was passed by the City Council on May 19, 2003, approved by the Mayor of the City on May 21, 2003, and effective on May 21, 2003, established the Strathdale Special Taxing District. The Strathdale Development District and Strathdale Special Taxing District are coterminous.

On August 20, 2003, the City issued the Strathdale Prior Bonds totaling \$5,968,00 to finance certain public improvements, including the construction of certain road, water, wastewater and storm drainage facilities, to support the construction of a residential community by a private developer.

The development within the Strathdale Districts, located on approximately 20 acres in the Frankford neighborhood of the City, is a completed for-sale residential project that includes a total of 68 single-family units, 54 duplex units, and 48 townhouse units (170 units total).

The location of the Strathdale Districts is shown in Exhibit C at the end of this section.

### **North Locust Point**

Pursuant to the Tax Increment Act, Ordinance 03-642, which was passed by the City Council on December 8, 2003, approved by the Mayor of the City on December 22, 2003, and effective on December 22, 2003, established the original North Locust Point 2003 Development District. Subsequent to the issuance of the North Locust Point Prior Bonds, (i) Ordinance No. 11-553, which was passed by the City Council on November 21, 2011, approved by the Mayor of the City on November 22, 2011, and effective on November 22, 2011, added the 2011 Additional Properties (as defined in the Official Statement) to the North Locust Point 2003 Development District and (ii) Ordinance No. 12-68, which was passed by the City Council on November 19, 2012, approved by the Mayor of the City on November 26, 2012, and effective on November 26, 2012, added the 2012 Additional Properties (as defined in the Official Statement) to the North Locust Point 2003 Development District. As used herein, the “North Locust Point Development District” includes the North Locust Point 2003 Development District, the 2011 Additional Properties, and the 2012 Additional Properties.

Pursuant to the Special Taxing District Act, Ordinance 04-850, which was passed by the City Council on November 22, 2004, and approved by the Mayor and effective on November 29, 2004, established the North Locust Point Special Taxing District. The North Locust Point Special Taxing District is coterminous with the North Locust Point 2003 Development District, but does not

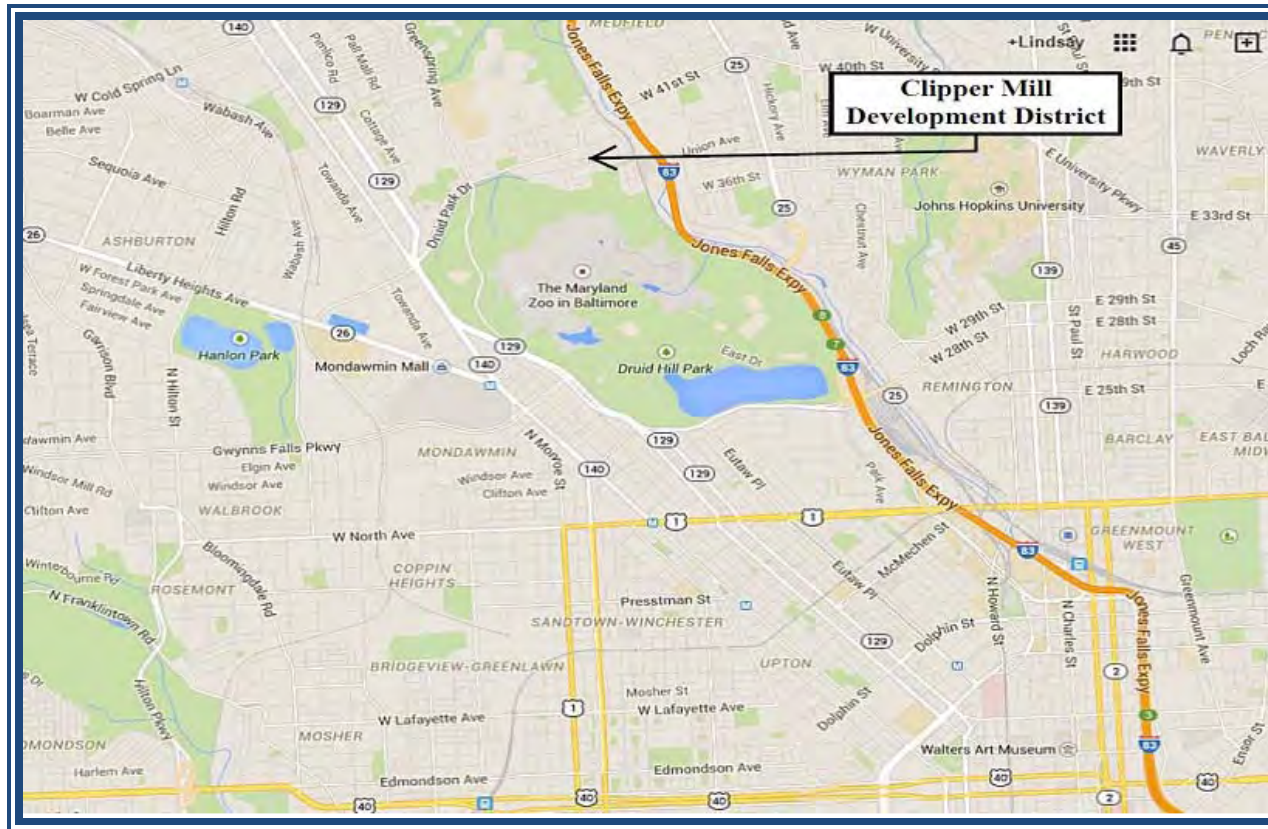
include the 2011 Additional Properties and the 2012 Additional Properties.

On August 25, 2005, the City issued the North Locust Point Prior Bonds totaling \$2,977,000 to finance certain public improvements, including certain road improvements and other related infrastructure improvements, within the North Locust Point Districts.

The development within the North Locust Point Districts, located on approximately 12 acres in the Locust Point neighborhood of the City, is comprised of approximately 660,000 square feet of commercial net leasable square footage (including the headquarters of Under Armour, Inc.).

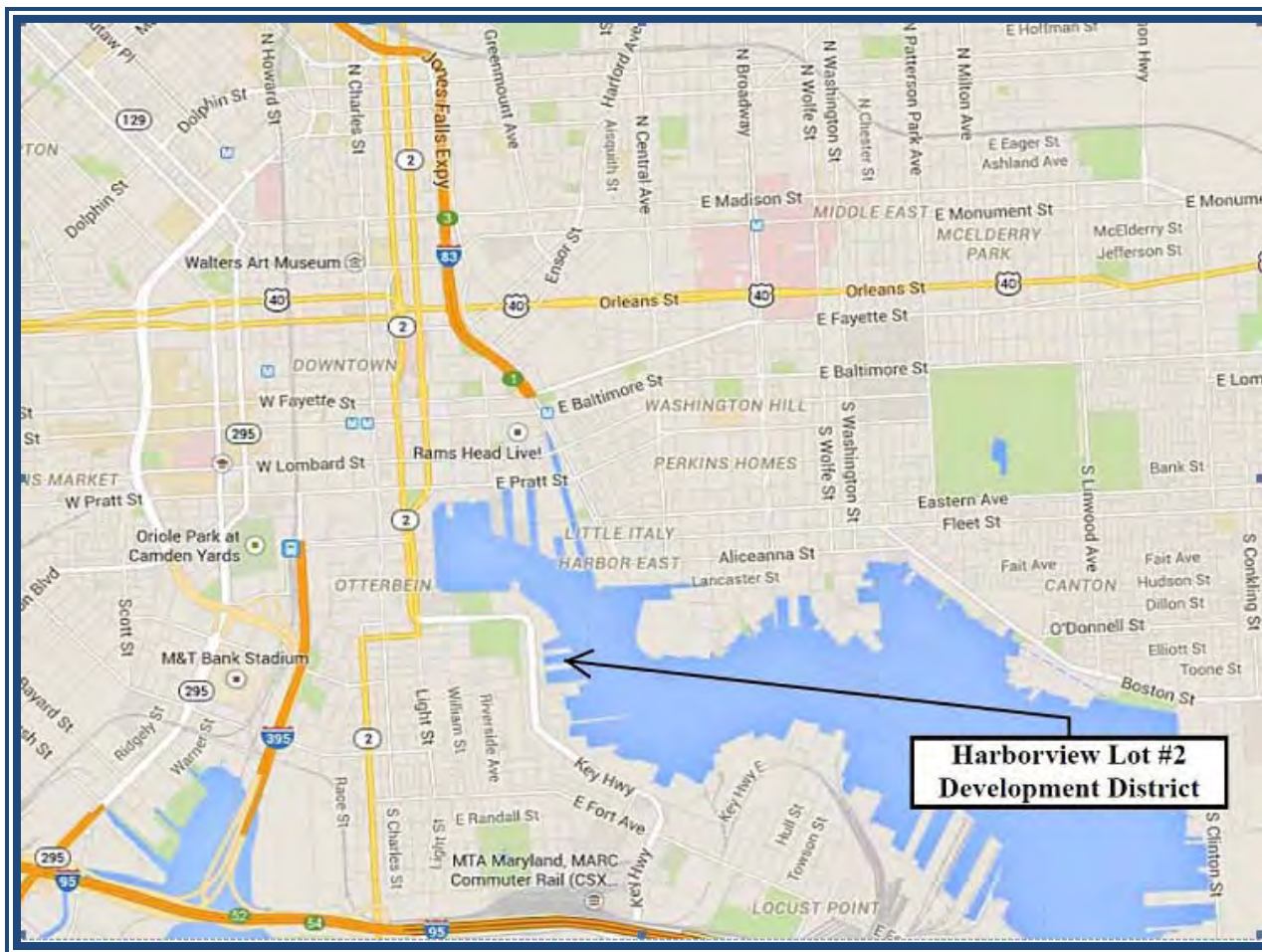
The location of the North Locust Point Districts is shown in Exhibit D at the end of this section.

## EXHIBIT A: LOCATION OF CLIPPER MILL DEVELOPMENT DISTRICT

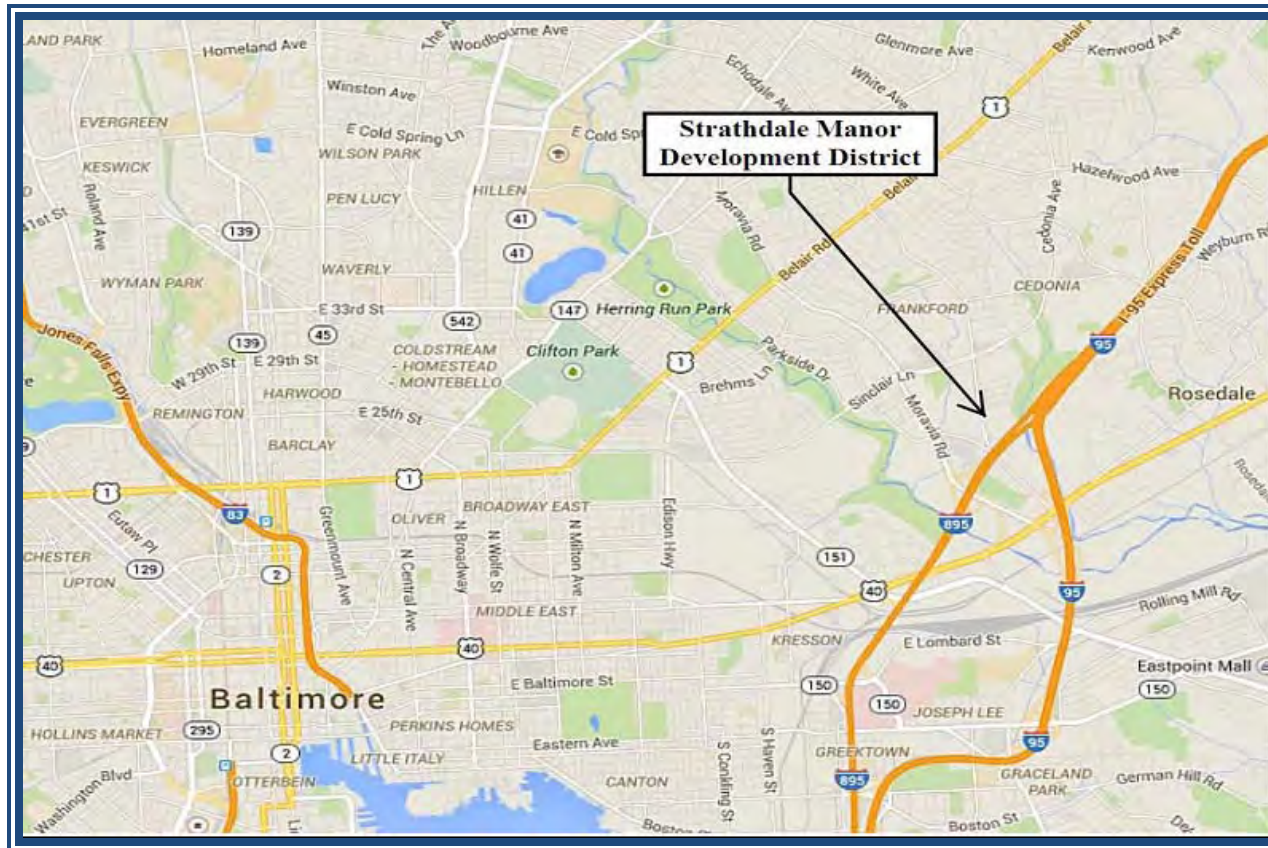




## EXHIBIT B: LOCATION OF HARBORVIEW LOT #2 DEVELOPMENT DISTRICT

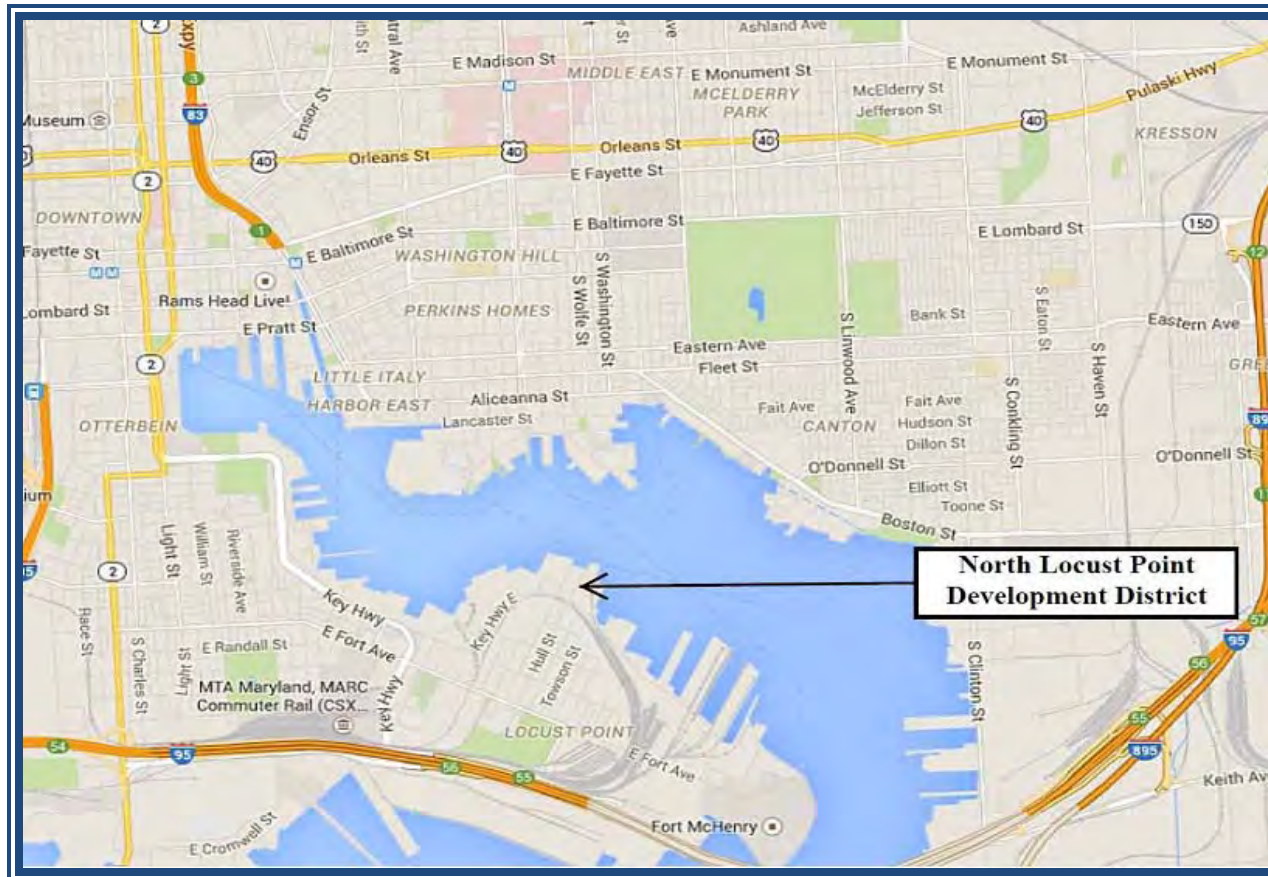


## EXHIBIT C: LOCATION OF STRATHDALE MANOR DEVELOPMENT DISTRICT





## EXHIBIT D: LOCATION OF NORTH LOCUST POINT DEVELOPMENT DISTRICT



## V. PROJECTION OF ASSESSED VALUES

### ASSESSED VALUES

For each Development District, MuniCap researched the current and phase-in values according to the most recent available data as published by the Maryland State Department of Assessments and Taxation.<sup>9</sup>

#### Clipper Mill Development District

As mentioned in Section II, the Clipper Mill Development District was reappraised as of January 1, 2014, with that value being phased-in over a three-year period through January 1, 2016. As of January 1, 2014, the initial phase-in assessed value for all taxable parcels within the Clipper Mill Development District was \$41,465,862, rising to \$51,998,700 as the final phase-in value on January 1, 2016. The majority of this increase is attributable to the rising phase-in value, although four residential parcels were reassessed significantly higher as of January 1, 2015 than in the preceding year to reflect completed construction.

In Scenario A, the fully phased-in value as of January 1, 2016 is assumed to remain static through the life of the Series 2015 Bonds, while the value in Scenario B is assumed to increase at 2% annually beginning as of January 1, 2017. This is over a base value of \$823,200. The current and projected incremental values for a five-year period are shown in Table V-A.

**TABLE V-A**  
**Projected Incremental Value – Clipper Mill Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(a)</sup></i>	<i>1-Jan-16<sup>(a)</sup></i>	<i>1-Jan-17<sup>(b)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Total value	\$41,465,862	\$48,312,638	\$51,998,700	\$51,998,700	\$51,998,700
Base value	(\$823,200)	(\$823,200)	(\$823,200)	(\$823,200)	(\$823,200)
Incremental value	\$40,642,662	\$47,489,438	\$51,175,500	\$51,175,500	\$51,175,500
<b>Scenario B</b>					
Total value	\$41,465,862	\$48,312,638	\$51,998,700	\$53,038,674	\$54,099,447
Base value	(\$823,200)	(\$823,200)	(\$823,200)	(\$823,200)	(\$823,200)
Incremental value	\$40,642,662	\$47,489,438	\$51,175,500	\$52,215,474	\$53,276,247
<sup>(a)</sup> Represents phase-in values for all taxable parcels in Clipper Mill Development District, according to Maryland Department of Assessments and Taxation.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

<sup>9</sup> See Appendix B, attached hereto, for complete parcel list as well as current and phase-in value information on a parcel-by-parcel basis.

### Harborview Development District

As mentioned in Section II, the Harborview Development District was reappraised as of January 1, 2015, with that value being phased-in over a three-year period through January 1, 2017. As of January 1, 2014, the total assessed value within the Harborview Development District was \$60,239,200. As of January 1, 2015, the initial phase-in assessed value for all taxable parcels within the Harborview Development District was \$63,080,298, rising to \$71,408,900 as the final phase-in value on January 1, 2017.

In Scenario A, the fully phased-in value as of January 1, 2017 is assumed to remain static through the life of the Series 2015 Bonds, while the value in Scenario B is assumed to increase at 2% annually beginning as of January 1, 2018. This is over a base value of \$1,169,800. The current and projected incremental values for a five-year period are shown in Table V-B.

**TABLE V-B**  
**Projected Incremental Value – Harborview Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(a)</sup></i>	<i>1-Jan-16<sup>(a)</sup></i>	<i>1-Jan-17<sup>(a)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Total value	\$60,239,200	\$63,080,298	\$67,244,599	\$71,408,900	\$71,408,900
Base value	(\$1,169,800)	(\$1,169,800)	(\$1,169,800)	(\$1,169,800)	(\$1,169,800)
Incremental value	\$59,069,400	\$61,910,498	\$66,074,799	\$70,239,100	\$70,239,100
<b>Scenario B</b>					
Total value	\$60,239,200	\$63,080,298	\$67,244,599	\$71,408,900	\$72,837,078
Base value	(\$1,169,800)	(\$1,169,800)	(\$1,169,800)	(\$1,169,800)	(\$1,169,800)
Incremental value	\$59,069,400	\$61,910,498	\$66,074,799	\$70,239,100	\$71,667,278
<sup>(a)</sup> Represents phase-in values for all taxable parcels in Harborview Development District, according to Maryland Department of Assessments and Taxation.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

### Strathdale Development District

As mentioned in Section II, the Strathdale Development District was reappraised as of January 1, 2013, with that value being phased-in over a three-year period through January 1, 2015. As of January 1, 2014, the total assessed value within the Strathdale Development District was \$33,938,100. As of January 1, 2015, the final phase-in assessed value for all taxable parcels within the Strathdale Development District was \$34,104,400.

In Scenario A, the fully phased-in value as of January 1, 2015 is assumed to remain static through the life of the Series 2015 Bonds, while the value in Scenario B is assumed to increase at 2% annually beginning as of January 1, 2016. This is over a base value of \$0, with all taxable value considered incremental. The current and projected incremental values for a five-year period are shown in Table V-C.

**TABLE V-C**  
**Projected Incremental Value – Strathdale Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(a)</sup></i>	<i>1-Jan-16<sup>(b)</sup></i>	<i>1-Jan-17<sup>(b)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Total value	\$33,938,100	\$34,104,400	\$34,104,400	\$34,104,400	\$34,104,400
Base value	\$0	\$0	\$0	\$0	\$0
Incremental value	\$33,938,100	\$34,104,400	\$34,104,400	\$34,104,400	\$34,104,400
<b>Scenario B</b>					
Total value	\$33,938,100	\$34,104,400	\$34,786,488	\$35,482,218	\$36,191,862
Base value	\$0	\$0	\$0	\$0	\$0
Incremental value	\$33,938,100	\$34,104,400	\$34,786,488	\$35,482,218	\$36,191,862
<sup>(a)</sup> Represents phase-in values for all taxable parcels in Strathdale Development District, according to Maryland Department of Assessments and Taxation.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

#### North Locust Point Development District

As mentioned in Section II, the North Locust Point Development District was reappraised as of January 1, 2015, with that value being phased-in over a three-year period through January 1, 2017. As of January 1, 2014, the total assessed value within the North Locust Point Development District was \$59,170,100. As of January 1, 2015, the initial phase-in assessed value for all taxable parcels within the North Locust Point District was \$75,871,800, rising to \$79,457,400 as the final phase-in value on January 1, 2017.

As discussed, the original boundaries of the North Locust Point Development District were subsequently amended to include the 2011 Additional Properties and the 2012 Additional Properties. As of January 1, 2015, the 2011 Additional Properties have a total taxable assessed value of \$16,474,233, which comprises the majority of the increase over the Development District's assessed value as of January 1, 2014. The Development District's initial base value of \$4,182,900 also increases to \$8,598,700 due to the inclusion of \$4,415,900 in base value attributable to the 2011 Additional Properties. For purposes of this study, this increase is shown as first occurring in January 1, 2015.<sup>10</sup> Based on research by MuniCap, the 2012 Additional Properties are not taxable and do not currently increase the taxable assessed value within the Development District.

In Scenario A, the fully phased-in value as of January 1, 2017 is assumed to remain static through the life of the Series 2015 Bonds, while the value in Scenario B is assumed to increase at 2% annually beginning as of January 1, 2018. The current and projected incremental values for a five-year period are shown in Table V-B.

<sup>10</sup> The 2011 Additional Properties include Parcel 24-12-1987B-006 and 24-12-1987B-007. While these properties have been part of the Development District since 2011, tax increment revenues generated by these parcels based on their assessed value as of January 1, 2014 was not used to pay debt service on the North Locust Point Prior Bonds. It is assumed that incremental taxes will be available to pay debt service on the Series 2015 Bonds based on assessed value as of January 1, 2015, and thus this is the first year for which this study shows incremental value from these parcels.

**TABLE V-D**  
**Projected Incremental Value – North Locust Point Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(a)</sup></i>	<i>1-Jan-16<sup>(a)</sup></i>	<i>1-Jan-17<sup>(a)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Total value	\$59,170,100	\$75,871,800	\$77,767,467	\$79,457,400	\$79,457,400
Base value	(\$4,182,800)	(\$8,598,700)	(\$8,598,700)	(\$8,598,700)	(\$8,598,700)
Incremental value	\$54,987,300	\$67,273,100	\$69,168,767	\$70,858,700	\$70,858,700
<b>Scenario B</b>					
Total value	\$59,170,100	\$75,871,800	\$77,767,467	\$79,457,400	\$81,046,548
Base value	(\$4,182,800)	(\$8,598,700)	(\$8,598,700)	(\$8,598,700)	(\$8,598,700)
Incremental value	\$54,987,300	\$67,273,100	\$69,168,767	\$70,858,700	\$72,447,848
<sup>(a)</sup> Represents phase-in values for all taxable parcels in North Locust Point Development District, according to Maryland Department of Assessments and Taxation. Values as of January 1, 2014 do not include assessed value associated with the 2011 Additional Parcels.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

**Total**

Based on the values shown in Tables V-A through V-D, the total projected assessed and incremental value for the consolidated Development Districts is as shown in Table V-E.

**TABLE V-E**  
**Projected Incremental Value – Consolidated Development Districts**

	<i>Assessment Year Beginning<sup>(a)</sup></i>				
	<i>1-Jan-14</i>	<i>1-Jan-15</i>	<i>1-Jan-16</i>	<i>1-Jan-17</i>	<i>1-Jan-18</i>
<b>Scenario A</b>					
Total value	\$194,813,262	\$221,369,136	\$231,115,166	\$236,969,400	\$236,969,400
Base value	(\$6,175,800)	(\$10,591,700)	(\$10,591,700)	(\$10,591,700)	(\$10,591,700)
Incremental value	\$188,637,462	\$210,777,436	\$220,523,466	\$226,377,700	\$226,377,700
<b>Scenario B</b>					
Total value	\$194,813,262	\$221,369,136	\$231,797,254	\$239,387,192	\$244,174,936
Base value	(\$6,175,800)	(\$10,591,700)	(\$10,591,700)	(\$10,591,700)	(\$10,591,700)
Incremental value	\$188,637,462	\$210,777,436	\$221,205,554	\$228,795,492	\$233,583,236
<sup>(a)</sup> Based on figures shown in Tables V-A through V-D. Values as of January 1, 2015 do not include assessed values associated with the 2011 Additional Parcels within the North Locust Point Development District.					

Refer to Appendix A, attached hereto, for calculations of incremental value on an annual basis through scheduled maturity of the Series 2015 Bonds.

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## VI. PROJECTION OF INCREMENTAL TAXES

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### INCREMENTAL TAXES

Based on the incremental values projected in Section V, MuniCap forecasted the incremental revenues for each of the Development Districts.<sup>11</sup>

#### Clipper Mill Development District

As shown in Table V-A, the incremental assessed value generated within the Clipper Mill Development District for the assessment year beginning January 1, 2015 is projected to be \$47,489,438. Using the City's current tax rate of \$2.248, the gross incremental taxes are projected to be \$1,067,563 as shown in the below calculation.

$$(Incremental\ Assessed\ Value) \div 100 \times (Tax\ Rate) = Incremental\ Real\ Property\ Tax$$

$$\begin{aligned} & (As\ of\ January\ 1,\ 2015) \\ & \$47,489,438 \div 100 \times \$2.248 = \$1,067,563 \end{aligned}$$

It is expected that these gross taxes will be reduced due to the credits discussed in Section II of this report. The credits anticipated to be relevant in the Clipper Mill Development District are as follows:

*Targeted Homeowner's Credit* – This credit is applied to the improved value of owner-occupied residential properties. For the assessment year beginning January 1, 2015, the total improved value of residential properties, based on SDAT records, is \$27,424,600. It is assumed that 85% of this value is owner-occupied and subject to the Targeted Homeowner's Credit.<sup>12</sup> In 2014, the credit reduced the effective tax rate for owner-occupied dwellings by \$0.18 per \$100 of assessed value of the applicable property. It is assumed that, for 2015, the credit will reduce the effective tax rate for owner-occupied dwellings by \$0.20 (rather than \$0.18) per \$100 of assessed value. This leads to a total projected credit of \$46,622.

$$\begin{aligned} & \$27,424,600 \times 85\% = \$23,310,910 \\ & \$23,310,910 \div 100 \times \$0.20 = \$46,622 \end{aligned}$$

*Historic Tax Credit* – For the assessment year beginning January 1, 2015, two parcels within the Clipper Mill Development District are projected to receive a Historic Tax Credit for the final time. Parcel 13-04-3390B-89, with an incremental value of \$783,071, is projected to receive a credit equal to 100% of the incremental taxes on the parcel. Parcel 13-04-3390B-90, with an incremental value of \$10,212,641, is expected to receive a credit equal to 30% of the incremental taxes on the parcel. This leads to a total projected credit of \$86,477.

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<sup>11</sup> See Appendix B, attached hereto, for complete parcel list as well as current and phase-in value information on a parcel-by-parcel basis.

<sup>12</sup> Based on analysis of tax records, 80% of total improved for-sale residential value within the Clipper Mill Development District received the Targeted Homeowner's Credit for the assessment year beginning January 1, 2014.



$$(\$783,071 \times 100\%) + (\$10,212,641 \times 30\%) = \$3,846,863$$

$$\$3,846,863 \div 100 \times \$2.248 = \$86,477$$

*Homestead Credit* – Based on SDAT records, \$28,951,737 in assessed value within the Clipper Mill Development District is eligible for the Homestead Credit, which means that annual real property taxes can increase by a maximum of 4% per year on properties comprising that value. Based on prior year assessed values, including values that were limited by the Homestead Credit in the assessment year beginning January 1, 2014, the maximum taxable value of the eligible properties is estimated to be \$25,828,266 in the assessment year beginning January 1, 2015. This leads to a projected credit of \$70,216.

$$\$28,951,737 - \$25,828,266 = \$3,123,471$$

$$\$3,123,471 \div 100 \times \$2.248 = \$70,216$$

*New Construction Credit* – For purposes of these projections, all tax bill adjustments within the Clipper Mill Development District not attributable Targeted Homeowner's, Historic, or Homestead Credits are assumed to be New Construction Credits. For the assessment year beginning January 1, 2014, the total reduction to real property taxes attributed to the New Construction Credit was \$32,148. If it is assumed that this is the first year the credit was received, the credit as of January 1, 2015 would be 80% of the credit as of January 1, 2014, leading to a projected credit of \$25,718.<sup>13</sup>

$$\$32,148 \times 80\% = \$25,718$$

Based on the credits as calculated herein, the total adjustment to gross taxes due to credits for the Clipper Mill Development District would be \$229,033 in the assessment year beginning January 1, 2015.

$$\$46,622 + \$86,477 + \$70,216 + \$25,718 = \$229,033$$

Thus the incremental taxes net of credits would be \$838,529 for the year.

$$\$1,067,563 - \$229,033 = \$838,529$$

Finally, a permanent two percent collection loss is assumed, leading to projected incremental revenues available for debt service of \$821,759.

$$\$838,529 \times 98\% = \$821,759$$

A five-year projection of gross increment, credits, and net increment after collection loss is shown in Table VI-A for the Clipper Mill Development District.

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<sup>13</sup> Properties receiving the New Construction Credit have City real property taxes abated by 50% in Year 1, decreasing by 10% per year for five years. Thus the credited amount in Year 2 would be 80% of the credited amount in Year 1.

**TABLE VI-A**  
**Projected Tax Increment – Clipper Mill Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(b)</sup></i>	<i>1-Jan-16<sup>(b)</sup></i>	<i>1-Jan-17<sup>(b)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Gross increment	\$913,647	\$1,067,563	\$1,150,425	\$1,150,425	\$1,150,425
(Credits)	(\$208,162)	(\$229,033)	(\$187,938)	(\$160,265)	(\$131,557)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$691,375	\$821,759	\$943,238	\$970,357	\$998,491
<b>Scenario B</b>					
Gross increment	\$913,647	\$1,067,563	\$1,150,425	\$1,173,804	\$1,197,650
(Credits)	(\$208,162)	(\$229,033)	(\$187,938)	(\$176,684)	(\$164,911)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$691,375	\$821,759	\$943,238	\$977,177	\$1,012,084
<sup>(a)</sup> Represents actual credits and exemptions based on City of Baltimore tax bills.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

#### **Harborview Development District**

As shown in Table V-B, the incremental assessed value generated within the Harborview Development District for the assessment year beginning January 1, 2015 is projected to be \$61,910,498. Using the City's current tax rate of \$2.248, the gross incremental taxes are projected to be \$1,391,748 as shown in the below calculation.

$$\$61,910,498 \div 100 \times \$2.248 = \$1,391,748$$

Again, it is expected that these gross taxes will be reduced due to the credits discussed in Section II of this report. The credits anticipated to be relevant in the Harborview Development District are as follows:

*Targeted Homeowner's Credit* – This credit is applied to the improved value of owner-occupied residential properties. For the assessment year beginning January 1, 2015, the total improved value of residential properties, based on SDAT records, is \$40,600,200. It is assumed that 85% of this value is owner-occupied and subject to the Targeted Homeowner's Credit.<sup>14</sup> For 2015, it is assumed that the credit will reduce the effective tax rate for owner-occupied dwellings by \$0.20 per \$100 of assessed value of the applicable property. This leads to a total projected credit of \$69,020.

$$\begin{aligned} \$40,600,200 \times 85\% &= \$34,510,170 \\ \$34,510,170 \div 100 \times \$0.20 &= \$69,020 \end{aligned}$$

<sup>14</sup> Based on analysis of tax records, 70% of total improved for-sale residential value within the Harborview Development District received the Targeted Homeowner's Credit for the assessment year beginning January 1, 2014.



*Homestead Credit* – Based on SDAT records, \$44,996,834 in assessed value within the Harborview Development District is eligible for the Homestead Credit, which means that annual real property taxes can increase by a maximum of 4% per year on properties comprising that value. Based on prior year assessed values, including values that were limited by the Homestead Credit in the assessment year beginning January 1, 2014, the maximum taxable value of the eligible properties is estimated to be \$42,784,832 in the assessment year beginning January 1, 2015. This leads to a projected credit of \$47,703.

$$\begin{aligned} \$44,996,834 - \$42,874,832 &= \$2,122,002 \\ \$2,122,002 \div 100 \times \$2.248 &= \$47,703 \end{aligned}$$

*New Construction Credit* – For purposes of these projections, all tax bill adjustments within the Harborview Development District not attributable the Targeted Homeowner's or Homestead Credits are assumed to be New Construction Credits. For the assessment year beginning January 1, 2014, the total reduction to real property taxes attributed to the New Construction Credit was \$129,073. If it is assumed that this is the first year the credit was received, the credit as of January 1, 2015 would be 80% of the credit as of January 1, 2014, leading to a projected credit of \$103,259.

$$\$129,073 \times 80\% = \$103,259$$

Based on the credits as calculated herein, the total adjustment to gross taxes due to credits for the Harborview Development District would be \$219,981 in the assessment year beginning January 1, 2015.

$$\$69,020 + \$47,703 + \$103,259 = \$219,981$$

Thus the incremental taxes net of credits would be \$1,171,766 for the year.

$$\$1,391,748 - \$219,981 = \$1,171,766$$

Finally, a permanent two percent collection loss is assumed, leading to projected incremental revenues available for debt service of \$1,148,331.

$$\$1,171,766 \times 98\% = \$1,148,331$$

A five-year projection of gross increment, credits, and net increment after collection loss for the Harborview Development District is shown in Table VI-B on the following page.

**TABLE VI-B**  
**Projected Tax Increment – Harborview Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(b)</sup></i>	<i>1-Jan-16<sup>(b)</sup></i>	<i>1-Jan-17<sup>(b)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Gross increment	\$1,327,880	\$1,391,748	\$1,485,361	\$1,578,975	\$1,578,975
(Credits)	(\$184,695)	(\$219,981)	(\$246,029)	(\$271,530)	(\$211,769)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$1,120,321	\$1,148,331	\$1,214,546	\$1,281,296	\$1,339,862
<b>Scenario B</b>					
Gross increment	\$1,327,880	\$1,391,748	\$1,485,361	\$1,578,975	\$1,611,080
(Credits)	(\$184,695)	(\$219,981)	(\$246,029)	(\$271,530)	(\$236,729)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$1,120,321	\$1,148,331	\$1,214,546	\$1,281,296	\$1,346,864
<sup>(a)</sup> Represents actual credits and exemptions based on City of Baltimore tax bills.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

#### **Strathdale Development District**

As shown in Table V-C, the incremental assessed value generated within the Strathdale Development District for the assessment year beginning January 1, 2015 is projected to be \$34,104,400. Using the City's current tax rate of \$2.248, the gross incremental taxes are projected to be \$766,667 as shown in the below calculation.

$$\$34,104,400 \div 100 \times \$2.248 = \$766,667$$

The credits anticipated to be relevant in the Strathdale Development District are as follows:

*Targeted Homeowner's Credit* – This credit is applied to the improved value of owner-occupied residential properties. For the assessment year beginning January 1, 2015, the total improved value of residential properties, based on SDAT records, is \$27,980,900. It is assumed that 95% of this value is owner-occupied and subject to the Targeted Homeowner's Credit.<sup>15</sup> For 2015, it is assumed that the credit will reduce the effective tax rate for owner-occupied dwellings by \$0.20 per \$100 of assessed value of the applicable property. This leads to a total projected credit of \$53,164.

$$\begin{aligned} \$27,980,900 \times 95\% &= \$26,581,855 \\ \$26,581,855 \div 100 \times \$0.20 &= \$53,164 \end{aligned}$$

*Homestead Credit* – Based on SDAT records, \$30,786,500 in assessed value within the Strathdale Development District is eligible for the Homestead Credit, which means that annual real property

<sup>15</sup> Based on analysis of tax records, 92% of total improved for-sale residential value within the Strathdale Development District received the Targeted Homeowner's Credit for the assessment year beginning January 1, 2014.

taxes can increase by a maximum of 4% per year on properties comprising that value. Based on prior year assessed values, including values that were limited by the Homestead Credit in the assessment year beginning January 1, 2014, the maximum taxable value of the eligible properties is estimated to be \$30,429,962 in the assessment year beginning January 1, 2015. This leads to a projected credit of \$8,015.

$$\begin{aligned} \$30,786,500 - \$30,429,962 &= \$356,538 \\ \$356,538 \div 100 \times \$2.248 &= \$8,015 \end{aligned}$$

Based on the credits as calculated herein, the total adjustment to gross taxes due to credits for the Strathdale Development District would be \$61,179 in the assessment year beginning January 1, 2015.

$$\$53,164 + \$8,015 = \$61,179$$

Thus the incremental taxes net of credits would be \$705,488 for the year.

$$\$766,667 - \$61,179 = \$705,488$$

Finally, a permanent two percent collection loss is assumed, leading to projected incremental revenues available for debt service of \$691,378.

$$\$705,488 \times 98\% = \$691,378$$

A five-year projection of gross increment, credits, and net increment after collection loss for the Strathdale Development District is shown in Table VI-C.

**TABLE VI-C**  
**Projected Tax Increment – Strathdale Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(b)</sup></i>	<i>1-Jan-16<sup>(b)</sup></i>	<i>1-Jan-17<sup>(b)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Gross increment	\$762,928	\$766,667	\$766,667	\$766,667	\$766,667
(Credits)	(\$55,755)	(\$61,179)	(\$58,480)	(\$63,796)	(\$69,113)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$693,030	\$691,378	\$694,023	\$688,813	\$683,603
<b>Scenario B</b>					
Gross increment	\$762,928	\$766,667	\$782,000	\$797,640	\$813,593
(Credits)	(\$55,755)	(\$61,179)	(\$58,480)	(\$66,374)	(\$73,343)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$693,030	\$691,378	\$709,050	\$716,641	\$725,445
<sup>(a)</sup> Represents actual credits and exemptions based on City of Baltimore tax bills.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

### North Locust Point Development District

As shown in Table V-D, the incremental assessed value generated within the North Locust Point Development District for the assessment year beginning January 1, 2015 is projected to be \$67,273,100. Using the City's current tax rate of \$2.248, the gross incremental taxes are projected to be \$1,512,299 as shown in the below calculation.

$$\$67,273,100 \div 100 \times \$2.248 = \$1,512,299$$

The credits anticipated to be relevant in the North Locust Point Development District are as follows:

*Enterprise Zone Credit* – For the assessment year beginning January 1, 2015, one parcel within the North Locust Point Development District is projected to receive the Enterprise Zone Credit, marking the third year of the credit's ten year duration. This credit abates 80% of improved assessed value, or the difference between the base value and the improved value of the property, for the first five years and in years six through ten decreases by 10% each year. For the assessment year beginning January 1, 2015, the total improved value of properties receiving the credit, based on SDAT records, is \$12,026,133.<sup>16</sup> This leads to a total projected credit of \$216,278.

$$\begin{aligned} \$12,026,133 \times 80\% &= \$9,620,906 \\ \$9,620,906 \div 100 \times \$2.248 &= \$216,278 \end{aligned}$$

Thus the incremental taxes net of credits would be \$1,296,021 for the year.

$$\$1,512,299 - \$216,278 = \$1,296,021$$

Finally, a permanent two percent collection loss is assumed, leading to projected incremental revenues available for debt service of \$1,270,101.

$$\$1,296,021 \times 98\% = \$1,270,101$$

A five-year projection of gross increment, credits, and net increment after collection loss for the North Locust Point Development District is shown in Table VI-D on the following page.

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<sup>16</sup> Represents value of Parcel 24-12-1987B-006, which is one of the 2011 Additional Properties. Total assessed value is \$16,075,433, with a base value of \$4,132,500.

**TABLE VI-D**  
**Projected Tax Increment – North Locust Point Development District**

	<i>Assessment Year Beginning</i>				
	<i>1-Jan-14<sup>(a)</sup></i>	<i>1-Jan-15<sup>(b)</sup></i>	<i>1-Jan-16<sup>(b)</sup></i>	<i>1-Jan-17<sup>(b)</sup></i>	<i>1-Jan-18<sup>(b)</sup></i>
<b>Scenario A</b>					
Gross increment	\$1,236,115	\$1,512,299	\$1,554,914	\$1,592,904	\$1,592,904
(Credits)	\$0	(\$216,278)	(\$244,260)	(\$272,242)	(\$238,212)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$1,211,392	\$1,270,101	\$1,284,441	\$1,294,249	\$1,327,598
<b>Scenario B</b>					
Gross increment	\$1,236,115	\$1,512,299	\$1,554,914	\$1,592,904	\$1,628,628
(Credits)	\$0	(\$216,278)	(\$244,260)	(\$272,242)	(\$244,250)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$1,211,392	\$1,270,101	\$1,284,441	\$1,294,249	\$1,356,690
<sup>(a)</sup> Represents actual credits and exemptions based on City of Baltimore tax bills. Values as of January 1, 2014 do not include assessed value associated with or tax increment revenues generated by the 2011 Additional Parcels.					
<sup>(b)</sup> Projected by MuniCap, Inc.					

Based on the figures shown in Tables VI-A through VI-D, the aggregated projected tax increment for all of the Development Districts is as shown in Table VI-E.

**TABLE VI-E**  
**Projected Tax Increment – Aggregate Development Districts**

	<i>Assessment Year Beginning<sup>(a)</sup></i>				
	<i>1-Jan-14</i>	<i>1-Jan-15</i>	<i>1-Jan-16</i>	<i>1-Jan-17</i>	<i>1-Jan-18</i>
<b>Scenario A</b>					
Gross increment	\$4,240,570	\$4,736,823	\$4,955,913	\$5,087,516	\$5,087,516
(Credits)	(\$448,613)	(\$726,471)	(\$736,707)	(\$769,721)	(\$654,500)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$3,716,118	\$3,930,144	\$4,134,822	\$4,231,440	\$4,344,356
<b>Scenario B</b>					
Gross increment	\$4,240,570	\$4,736,823	\$4,971,247	\$5,141,433	\$5,248,617
(Credits)	(\$448,613)	(\$726,471)	(\$736,707)	(\$787,773)	(\$721,177)
Collection rate	98%	98%	98%	98%	98%
Net increment	\$3,716,118	\$3,930,144	\$4,149,849	\$4,266,586	\$4,436,891
<sup>(a)</sup> See Tables VI-A through VI-D. Values as of January 1, 2014 do not include assessed value associated with or tax increment revenue generated by the 2011 Additional Parcels within the North Locust Point Development District.					

Refer to Appendix A, attached hereto, for calculations of incremental value on an annual basis through scheduled maturity of the Series 2015 Bonds.

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## ***VII. Projected Special Taxes***

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### **LEVY OF SPECIAL TAXES**

In the event that tax increment revenues from a Development District are insufficient for the payment of debt service on the Series 2015 Bonds allocated to that Development District and to cover the cost of administrating that Development District in any year, Special Taxes will be levied upon property within the corresponding Special Taxing District. Special Taxes are calculated, levied, and apportioned in accordance with the terms set forth in the applicable Rate and Method of Apportionment (each, a “RMA”) for each Special Taxing District.<sup>17</sup>

Generally, the Special Taxes are imposed on and allocated among parcels of Taxable Property within the Special Taxing District according to the terms and methodology set forth in the RMA. No parcel is obligated to pay Special Taxes in excess of the amount allocated to the parcel. The Maximum Special Tax that can be levied upon a parcel is set forth in the RMA.

Special Taxes may be collected from each parcel in a Special Taxing District only up to the Adjusted Maximum Special Tax allocated to the parcel. The Adjusted Maximum Special Tax is equal to the Maximum Special Tax less the Special Tax Credit, with the Special Tax Credit equaling the tax increment revenue generated by the parcel. The Adjusted Maximum Special Tax has the impact of limiting the Special Taxes that may be collected to any shortfall between tax increment revenues and debt service on the Series 2015 Bonds, plus any coverage built into the Maximum Special Tax rates. Typically the Special Tax Credit for a developed property is greater than the Maximum Special Tax allocated to the parcel, meaning that the owner of a parcel of developed property would never have to pay a Special Tax in addition to ad valorem real property taxes.

***As subsequently discussed in Section VIII, for each Development and Special Taxing District, tax increment revenues are projected to be sufficient to pay debt service in each year for the life of the Series 2015 Bonds. As a result, no Special Taxes are projected to be collected in any year in any Special Taxing District.***

If, however, forecasts of tax increment revenue are lower than projected herein and are insufficient to pay debt service, Special Taxes would be levied pursuant to the terms of the applicable RMA. Debt service coverage in the year of maximum annual debt service as provided by the Maximum Special Tax is shown for each Special Taxing District in Table VII-A on the following page.<sup>18</sup>

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<sup>17</sup> Refer to Appendix A of the Official Statement for terms of the RMAs. Capitalized terms in this section not defined elsewhere in this document are as defined in the applicable RMA.

<sup>18</sup> The Maximum Special Tax was established upon issuance of the Prior Bonds for each Special Taxing District according to the methodology set forth in the applicable RMA, and is the same for Scenario A and Scenario B.

**TABLE VII-A**  
Projected Debt Service Coverage from Maximum Special Tax

<i>Development District</i>	<i>Maximum Special Tax in Year of MADS<sup>(a)</sup></i>	<i>Maximum Annual Debt Service<sup>(b)</sup></i>	<i>Debt Service Coverage</i>
Clipper Mill	\$1,157,792	\$724,500	159.8%
Harborview	\$908,000	\$562,000	161.6%
Strathdale	\$769,772	\$593,250	129.8%
North Locust Point	\$499,887	\$224,250	222.9%
<b>Total</b>	<b>\$3,335,451</b>	<b>\$2,104,000</b>	<b>158.5%</b>
<sup>(a)</sup> Based on the applicable Special Tax Report for each Special Taxing District prepared by MuniCap, Inc. Refer to the applicable RMA for each Special Taxing District for details regarding the calculation of the Maximum Special Tax. <sup>(b)</sup> Based on scheduled debt service provided by Stifel, Nicolaus, and Company. Maximum annual debt service is projected to occur in bond period ending June 15, 2033 for the Series 2015 Clipper Mill Bonds, June 15, 2024 for the Series 2015 Harborview Bonds, June 15, 2030 for the Series 2015 Strathdale Bonds, and June 15, 2024 for the Series 2015 North Locust Point Bonds. Includes projected principal and interest only.			

## VIII. Projected Debt Service Coverage

### OVERVIEW

The Series 2015 Bonds are being issued to provide funds, together with other available funds, to: (i) refund all of the City's outstanding Prior Bonds; (ii) make initial deposits to certain accounts within the Reserve Fund; and (iii) pay certain costs relating to the issuance of the Series 2015 Bonds and certain other administrative, legal, financing and other costs. Under the terms contemplated for the refunding bonds, the Series 2015 Bonds will have a total principal amount of \$20,195,000.

Based on projected debt service allocated to each Development District and the tax increment revenues calculated in Section VI of this report, coverage for each Development District is as shown in Tables VIII-A through VIII-D.

**TABLE VIII-A**  
**Projected Debt Service Coverage – Clipper Mill Development District**

	<i>Bond Period Ending</i>					
	<i>15-Jun-15</i>	<i>15-Jun-16</i>	<i>15-Jun-17</i>	<i>15-Jun-18</i>	<i>15-Jun-19</i>	<i>MADS</i>
<b>Debt Service<sup>(a)</sup></b>	<b>\$0</b>	<b>\$486,599</b>	<b>\$499,900</b>	<b>\$513,100</b>	<b>\$525,500</b>	<b>\$724,500</b>
<u><i>Scenario A</i></u>						
Net increment <sup>(b)</sup>	\$691,375	\$821,759	\$943,238	\$970,357	\$998,491	\$1,058,883
Surplus/(Deficit)	\$691,375	\$335,160	\$443,338	\$457,257	\$472,991	\$334,383
<b>Coverage</b>	<b>N.A.</b>	<b>169%</b>	<b>189%</b>	<b>189%</b>	<b>190%</b>	<b>146%</b>
<u><i>Scenario B</i></u>						
Net increment <sup>(b)</sup>	\$913,647	\$1,067,563	\$1,150,425	\$1,173,804	\$1,197,650	\$1,460,380
Surplus/(Deficit)	\$913,647	\$580,964	\$650,525	\$660,704	\$672,150	\$735,880
<b>Coverage</b>	<b>N.A.</b>	<b>219%</b>	<b>230%</b>	<b>229%</b>	<b>228%</b>	<b>202%</b>
<sup>(a)</sup> Based on scheduled debt service as provided by Stifel, Nicolaus, and Company.						
<sup>(b)</sup> See Table VI-A.						



**TABLE VIII-B**  
**Projected Debt Service Coverage – Harborview Development District**

	<i>Bond Period Ending</i>					
	<i>15-Jun-15</i>	<i>15-Jun-16</i>	<i>15-Jun-17</i>	<i>15-Jun-18</i>	<i>15-Jun-19</i>	<i>MADS</i>
<b>Debt Service<sup>(a)</sup></b>	<b>\$0</b>	<b>\$560,280</b>	<b>\$561,600</b>	<b>\$560,000</b>	<b>\$558,000</b>	<b>\$562,000</b>
<i>Scenario A</i>						
Net increment <sup>(b)</sup>	\$1,120,321	\$1,148,331	\$1,214,546	\$1,281,296	\$1,339,862	\$1,445,936
Surplus/(Deficit)	\$1,120,321	\$588,051	\$652,946	\$721,296	\$781,862	\$883,936
<b>Coverage</b>	<b>N.A.</b>	<b>205%</b>	<b>216%</b>	<b>229%</b>	<b>240%</b>	<b>257%</b>
<i>Scenario B</i>						
Net increment <sup>(b)</sup>	\$1,327,880	\$1,391,748	\$1,485,361	\$1,578,975	\$1,611,080	\$1,619,594
Surplus/(Deficit)	\$1,327,880	\$831,468	\$923,761	\$1,018,975	\$1,053,080	\$1,057,594
<b>Coverage</b>	<b>N.A.</b>	<b>248%</b>	<b>264%</b>	<b>282%</b>	<b>289%</b>	<b>288%</b>
<sup>(a)</sup> Based on scheduled debt service as provided by Stifel, Nicolaus, and Company.						
<sup>(b)</sup> See Table VI-B.						

**TABLE VIII-C**  
**Projected Debt Service Coverage – Strathdale Development District**

	<i>Bond Period Ending</i>					
	<i>15-Jun-15</i>	<i>15-Jun-16</i>	<i>15-Jun-17</i>	<i>15-Jun-18</i>	<i>15-Jun-19</i>	<i>MADS</i>
<b>Debt Service<sup>(a)</sup></b>	<b>\$0</b>	<b>\$439,547</b>	<b>\$448,050</b>	<b>\$460,050</b>	<b>\$466,250</b>	<b>\$593,250</b>
<i>Scenario A</i>						
Net increment <sup>(b)</sup>	\$693,030	\$691,378	\$694,023	\$688,813	\$683,603	\$673,183
Surplus/(Deficit)	\$693,030	\$251,831	\$245,973	\$228,763	\$217,353	\$79,933
<b>Coverage</b>	<b>N.A.</b>	<b>157%</b>	<b>155%</b>	<b>150%</b>	<b>147%</b>	<b>113%</b>
<i>Scenario B</i>						
Net increment <sup>(b)</sup>	\$693,030	\$691,378	\$709,050	\$716,641	\$725,445	\$888,251
Surplus/(Deficit)	\$693,030	\$251,831	\$261,000	\$256,591	\$259,195	\$295,001
<b>Coverage</b>	<b>N.A.</b>	<b>157%</b>	<b>158%</b>	<b>156%</b>	<b>156%</b>	<b>150%</b>
<sup>(a)</sup> Based on scheduled debt service as provided by Stifel, Nicolaus, and Company.						
<sup>(b)</sup> See Table VI-C.						

**TABLE VIII-D**  
**Projected Debt Service Coverage – North Locust Point Development District**

	<i>Bond Period Ending</i>					
	<i>15-Jun-15</i>	<i>15-Jun-16</i>	<i>15-Jun-17</i>	<i>15-Jun-18</i>	<i>15-Jun-19</i>	<i>MADS</i>
<b>Debt Service<sup>(a)</sup></b>	<b>\$0</b>	<b>\$221,323</b>	<b>\$222,900</b>	<b>\$223,300</b>	<b>\$223,500</b>	<b>\$224,250</b>
<i>Scenario A</i>						
Net increment <sup>(b)</sup>	\$1,211,392	\$1,270,101	\$1,284,441	\$1,294,249	\$1,327,598	\$1,561,046
Surplus/(Deficit)	\$1,211,392	\$1,048,778	\$1,061,541	\$1,070,949	\$1,104,098	\$1,336,796
<b>Coverage</b>	<b>N.A.</b>	<b>574%</b>	<b>576%</b>	<b>580%</b>	<b>594%</b>	<b>696%</b>
<i>Scenario B</i>						
Net increment <sup>(b)</sup>	\$1,211,392	\$1,270,101	\$1,284,441	\$1,294,249	\$1,356,690	\$1,781,890
Surplus/(Deficit)	\$1,211,392	\$1,048,778	\$1,061,541	\$1,070,949	\$1,133,190	\$1,557,640
<b>Coverage</b>	<b>N.A.</b>	<b>574%</b>	<b>576%</b>	<b>580%</b>	<b>607%</b>	<b>795%</b>
<sup>(a)</sup> Based on scheduled debt service as provided by Stifel, Nicolaus, and Company.						
<sup>(b)</sup> See Table VI-D.						

Based on the figures shown in Tables VIII-A through VIII-D, the total projected debt service coverage on the Series 2015 Bonds from the Development Districts on an aggregate basis is as shown in Table VIII-E.

**TABLE VIII-E**  
**Projected Debt Service Coverage – All Development Districts**

	<i>Bond Period Ending<sup>(a)</sup></i>					
	<i>15-Jun-15</i>	<i>15-Jun-16</i>	<i>15-Jun-17</i>	<i>15-Jun-18</i>	<i>15-Jun-19</i>	<i>MADS</i>
<b>Debt Service</b>	<b>\$0</b>	<b>\$1,707,749</b>	<b>\$1,732,450</b>	<b>\$1,756,450</b>	<b>\$1,773,250</b>	<b>\$2,104,000</b>
<i>Scenario A</i>						
Net increment	\$3,716,118	\$3,931,569	\$4,136,248	\$4,234,714	\$4,349,554	\$4,739,047
Surplus/(Deficit)	\$3,716,118	\$3,444,970	\$3,636,348	\$3,721,614	\$3,824,054	\$4,014,547
<b>Coverage</b>	<b>N.A.</b>	<b>230%</b>	<b>239%</b>	<b>241%</b>	<b>245%</b>	<b>225%</b>
<i>Scenario B</i>						
Net increment	\$3,716,118	\$3,931,569	\$4,151,274	\$4,269,363	\$4,441,083	\$5,750,114
Surplus/(Deficit)	\$3,716,118	\$3,444,970	\$3,651,374	\$3,756,263	\$3,915,583	\$5,025,614
<b>Coverage</b>	<b>N.A.</b>	<b>230%</b>	<b>240%</b>	<b>243%</b>	<b>250%</b>	<b>273%</b>
<sup>(a)</sup> Based on scheduled debt service as provided by Stifel, Nicolaus, and Company.						
<sup>(b)</sup> See Tables VIII-A through VIII-D.						

Projected debt service coverage for the life of the Series 2015 Bonds is shown in Tables VIII-F and VIII-G for Scenarios A and B, respectively.

Debt service coverage is shown graphically for the collective Development Districts in Chart 5. Debt service coverage is shown for each individual Development District in Charts 6 through 9 at the end of this section.

Appendix A, attached hereto, provides detailed calculations of tax increment revenues and debt service coverage on an annual basis for both scenarios.

**TABLE VIII-F**  
**Projected Debt Service Coverage -- Aggregate (Scenario A)**

<i>Bond Period Ending</i>	<i>2015 Refunding Bonds</i>			<i>Tax Increment Revenues</i>			<i>Maximum Special Taxes</i>				<i>Special Tax Requirement</i>		
	<i>Debt Service (Proposed Bonds)<sup>(a)</sup></i>	<i>Estimated Expenses<sup>(b)</sup></i>	<i>Total Debt Service &amp; Expenses</i>	<i>Projected Tax Increment Revenues<sup>(c)</sup></i>	<i>Surplus/ (Deficit)</i>	<i>Debt Service Coverage</i>	<i>Maximum Special Taxes<sup>(b)</sup></i>	<i>Debt Service Coverage</i>	<i>Maximum Special Tax Plus Tax Increment Revenues</i>	<i>Debt Service Coverage</i>	<i>Special Tax Requirement</i>	<i>Special Tax Plus Tax Increment Revenue</i>	<i>Debt Service Coverage</i>
At Closing	\$0	\$80,000	\$80,000	\$3,716,118	\$3,636,118	N.A.	\$2,708,874	N.A.	\$6,424,992	N.A.	\$0	\$3,716,118	N.A.
15-Jun-16	\$1,707,749	\$81,600	\$1,789,349	\$3,931,569	\$2,142,220	220%	\$2,744,891	153%	\$6,676,461	373%	\$0	\$3,931,569	220%
15-Jun-17	\$1,732,450	\$83,232	\$1,815,682	\$4,136,248	\$2,320,566	228%	\$2,781,629	153%	\$6,917,877	381%	\$0	\$4,136,248	228%
15-Jun-18	\$1,756,450	\$84,897	\$1,841,347	\$4,234,714	\$2,393,368	230%	\$2,819,102	153%	\$7,053,816	383%	\$0	\$4,234,714	230%
15-Jun-19	\$1,773,250	\$86,595	\$1,859,845	\$4,349,554	\$2,489,710	234%	\$2,857,324	154%	\$7,206,878	387%	\$0	\$4,349,554	234%
15-Jun-20	\$1,794,250	\$88,326	\$1,882,576	\$4,467,052	\$2,584,475	237%	\$2,896,310	154%	\$7,363,362	391%	\$0	\$4,467,052	237%
15-Jun-21	\$1,822,000	\$90,093	\$1,912,093	\$4,555,714	\$2,643,621	238%	\$2,936,077	154%	\$7,491,790	392%	\$0	\$4,555,714	238%
15-Jun-22	\$1,841,000	\$91,895	\$1,932,895	\$4,605,648	\$2,672,753	238%	\$2,976,638	154%	\$7,582,286	392%	\$0	\$4,605,648	238%
15-Jun-23	\$1,871,500	\$93,733	\$1,965,233	\$4,638,998	\$2,673,765	236%	\$3,018,011	154%	\$7,657,009	390%	\$0	\$4,638,998	236%
15-Jun-24	\$1,897,750	\$95,607	\$1,993,357	\$4,739,047	\$2,745,689	238%	\$3,060,211	154%	\$7,799,258	391%	\$0	\$4,739,047	238%
15-Jun-25	\$1,919,750	\$97,520	\$2,017,270	\$4,739,047	\$2,721,777	235%	\$3,103,255	154%	\$7,842,302	389%	\$0	\$4,739,047	235%
15-Jun-26	\$1,942,500	\$99,470	\$2,041,970	\$4,739,047	\$2,697,077	232%	\$3,147,160	154%	\$7,886,207	386%	\$0	\$4,739,047	232%
15-Jun-27	\$1,975,750	\$101,459	\$2,077,209	\$4,739,047	\$2,661,837	228%	\$3,191,944	154%	\$7,930,990	382%	\$0	\$4,739,047	228%
15-Jun-28	\$1,998,750	\$103,489	\$2,102,239	\$4,739,047	\$2,636,808	225%	\$3,237,623	154%	\$7,976,669	379%	\$0	\$4,739,047	225%
15-Jun-29	\$2,016,750	\$105,558	\$2,122,308	\$4,739,047	\$2,616,738	223%	\$3,284,215	155%	\$8,023,262	378%	\$0	\$4,739,047	223%
15-Jun-30	\$2,049,750	\$107,669	\$2,157,419	\$4,739,047	\$2,581,627	220%	\$3,331,739	154%	\$8,070,786	374%	\$0	\$4,739,047	220%
15-Jun-31	\$696,750	\$34,320	\$731,070	\$4,739,047	\$4,007,977	648%	\$1,112,834	152%	\$5,851,880	800%	\$0	\$4,739,047	648%
15-Jun-32	\$711,750	\$35,006	\$746,756	\$4,739,047	\$3,992,291	635%	\$1,135,090	152%	\$5,874,137	787%	\$0	\$4,739,047	635%
15-Jun-33	\$724,500	\$35,706	\$760,206	\$4,739,047	\$3,978,840	623%	\$1,157,792	152%	\$5,896,839	776%	\$0	\$4,739,047	623%
Total	\$30,232,649	\$1,596,175	\$31,828,824	\$86,026,082	\$54,197,258		\$51,708,555		\$137,734,637		\$0	\$86,026,082	

<sup>(a)</sup>See Schedule I of Appendix A. Includes principal and interest.

<sup>(b)</sup>See Schedules II-B through II-E of Appendix A.

<sup>(c)</sup>See Schedule IV-A of Appendix A.

**TABLE VIII-G**  
**Projected Debt Service Coverage -- Aggregate (Scenario B)**

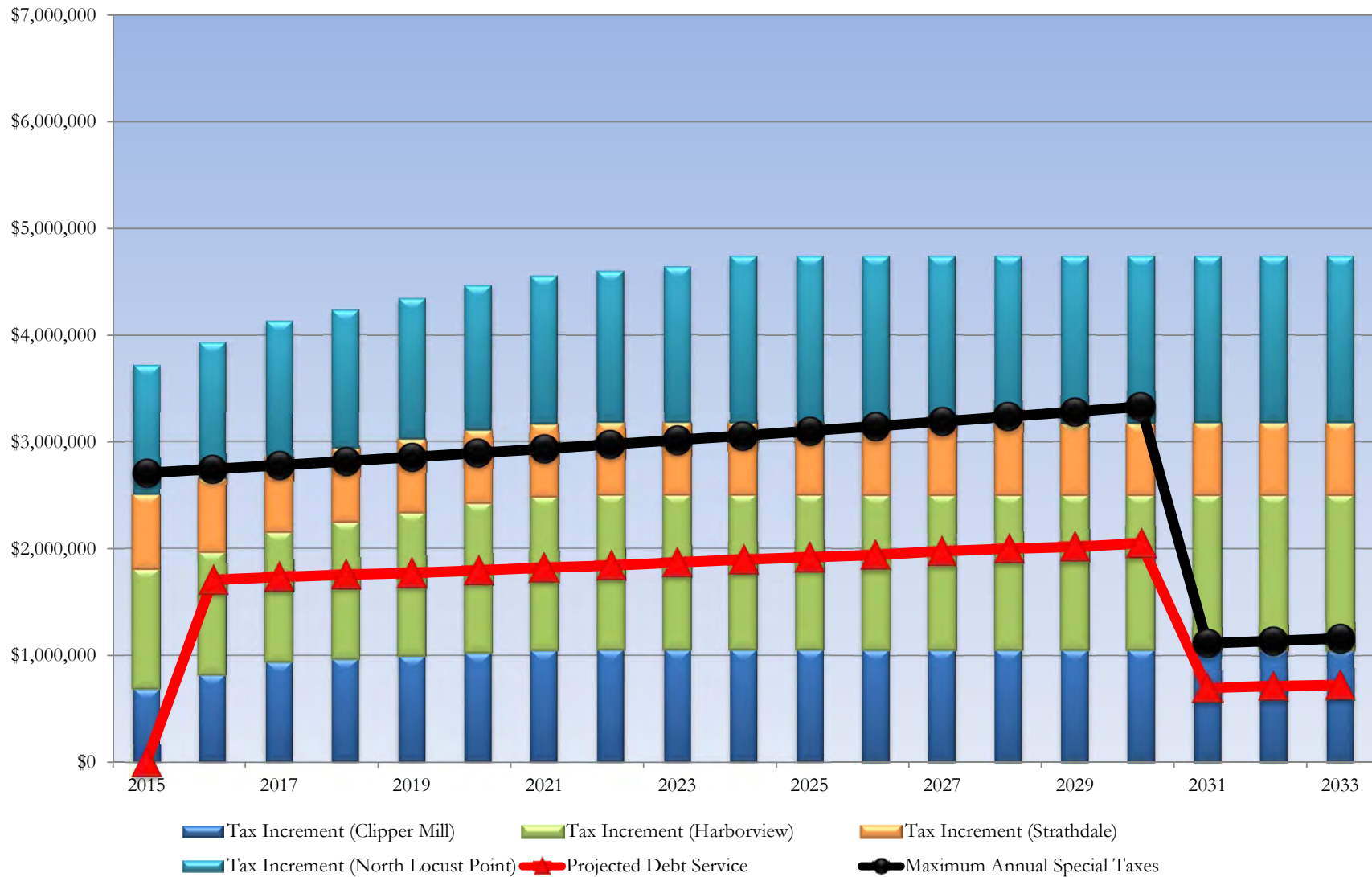
<i>Bond Period Ending</i>	<i>2015 Refunding Bonds</i>			<i>Tax Increment Revenues</i>			<i>Maximum Special Taxes</i>				<i>Special Tax Requirement</i>		
	<i>Debt Service (Proposed Bonds)<sup>(a)</sup></i>	<i>Estimated Expenses<sup>(b)</sup></i>	<i>Total Debt Service &amp; Expenses</i>	<i>Projected Tax Increment Revenues<sup>(c)</sup></i>	<i>Surplus/ (Deficit)</i>	<i>Debt Service Coverage</i>	<i>Maximum Special Taxes<sup>(b)</sup></i>	<i>Debt Service Coverage</i>	<i>Maximum Special Tax Plus Tax Increment Revenues</i>	<i>Debt Service Coverage</i>	<i>Special Tax Requirement</i>	<i>Special Tax Plus Tax Increment Revenue</i>	<i>Debt Service Coverage</i>
At Closing	\$0	\$80,000	\$80,000	\$3,716,118	\$3,636,118	N.A.	\$2,708,874	N.A.	\$6,424,992	N.A.	\$0	\$3,716,118	N.A.
15-Jun-16	\$1,707,749	\$81,600	\$1,789,349	\$3,931,569	\$2,142,220	220%	\$2,744,891	153%	\$6,676,461	373%	\$0	\$3,931,569	220%
15-Jun-17	\$1,732,450	\$83,232	\$1,815,682	\$4,151,274	\$2,335,592	229%	\$2,781,629	153%	\$6,932,904	382%	\$0	\$4,151,274	229%
15-Jun-18	\$1,756,450	\$84,897	\$1,841,347	\$4,269,363	\$2,428,016	232%	\$2,819,102	153%	\$7,088,465	385%	\$0	\$4,269,363	232%
15-Jun-19	\$1,773,250	\$86,595	\$1,859,845	\$4,441,083	\$2,581,239	239%	\$2,857,324	154%	\$7,298,407	392%	\$0	\$4,441,083	239%
15-Jun-20	\$1,794,250	\$88,326	\$1,882,576	\$4,617,632	\$2,735,056	245%	\$2,896,310	154%	\$7,513,942	399%	\$0	\$4,617,632	245%
15-Jun-21	\$1,822,000	\$90,093	\$1,912,093	\$4,767,570	\$2,855,477	249%	\$2,936,077	154%	\$7,703,646	403%	\$0	\$4,767,570	249%
15-Jun-22	\$1,841,000	\$91,895	\$1,932,895	\$4,940,894	\$3,008,000	256%	\$2,976,638	154%	\$7,917,533	410%	\$0	\$4,940,894	256%
15-Jun-23	\$1,871,500	\$93,733	\$1,965,233	\$5,120,274	\$3,155,041	261%	\$3,018,011	154%	\$8,138,285	414%	\$0	\$5,120,274	261%
15-Jun-24	\$1,897,750	\$95,607	\$1,993,357	\$5,383,272	\$3,389,915	270%	\$3,060,211	154%	\$8,443,483	424%	\$0	\$5,383,272	270%
15-Jun-25	\$1,919,750	\$97,520	\$2,017,270	\$5,524,564	\$3,507,295	274%	\$3,103,255	154%	\$8,627,820	428%	\$0	\$5,524,564	274%
15-Jun-26	\$1,942,500	\$99,470	\$2,041,970	\$5,649,706	\$3,607,737	277%	\$3,147,160	154%	\$8,796,867	431%	\$0	\$5,649,706	277%
15-Jun-27	\$1,975,750	\$101,459	\$2,077,209	\$5,767,367	\$3,690,158	278%	\$3,191,944	154%	\$8,959,311	431%	\$0	\$5,767,367	278%
15-Jun-28	\$1,998,750	\$103,489	\$2,102,239	\$5,887,382	\$3,785,143	280%	\$3,237,623	154%	\$9,125,004	434%	\$0	\$5,887,382	280%
15-Jun-29	\$2,016,750	\$105,558	\$2,122,308	\$6,009,796	\$3,887,488	283%	\$3,284,215	155%	\$9,294,011	438%	\$0	\$6,009,796	283%
15-Jun-30	\$2,049,750	\$107,669	\$2,157,419	\$6,134,659	\$3,977,239	284%	\$3,331,739	154%	\$9,466,398	439%	\$0	\$6,134,659	284%
15-Jun-31	\$696,750	\$34,320	\$731,070	\$6,262,019	\$5,530,949	857%	\$1,112,834	152%	\$7,374,852	1009%	\$0	\$6,262,019	857%
15-Jun-32	\$711,750	\$35,006	\$746,756	\$6,391,926	\$5,645,170	856%	\$1,135,090	152%	\$7,527,016	1008%	\$0	\$6,391,926	856%
15-Jun-33	\$724,500	\$35,706	\$760,206	\$6,524,431	\$5,764,225	858%	\$1,157,792	152%	\$7,682,223	1011%	\$0	\$6,524,431	858%
Total	\$30,232,649	\$1,596,175	\$31,828,824	\$99,490,900	\$67,662,076		\$51,708,555		\$151,199,455		\$0	\$99,490,900	

<sup>(a)</sup>See Schedule I of Appendix A. Includes principal and interest.

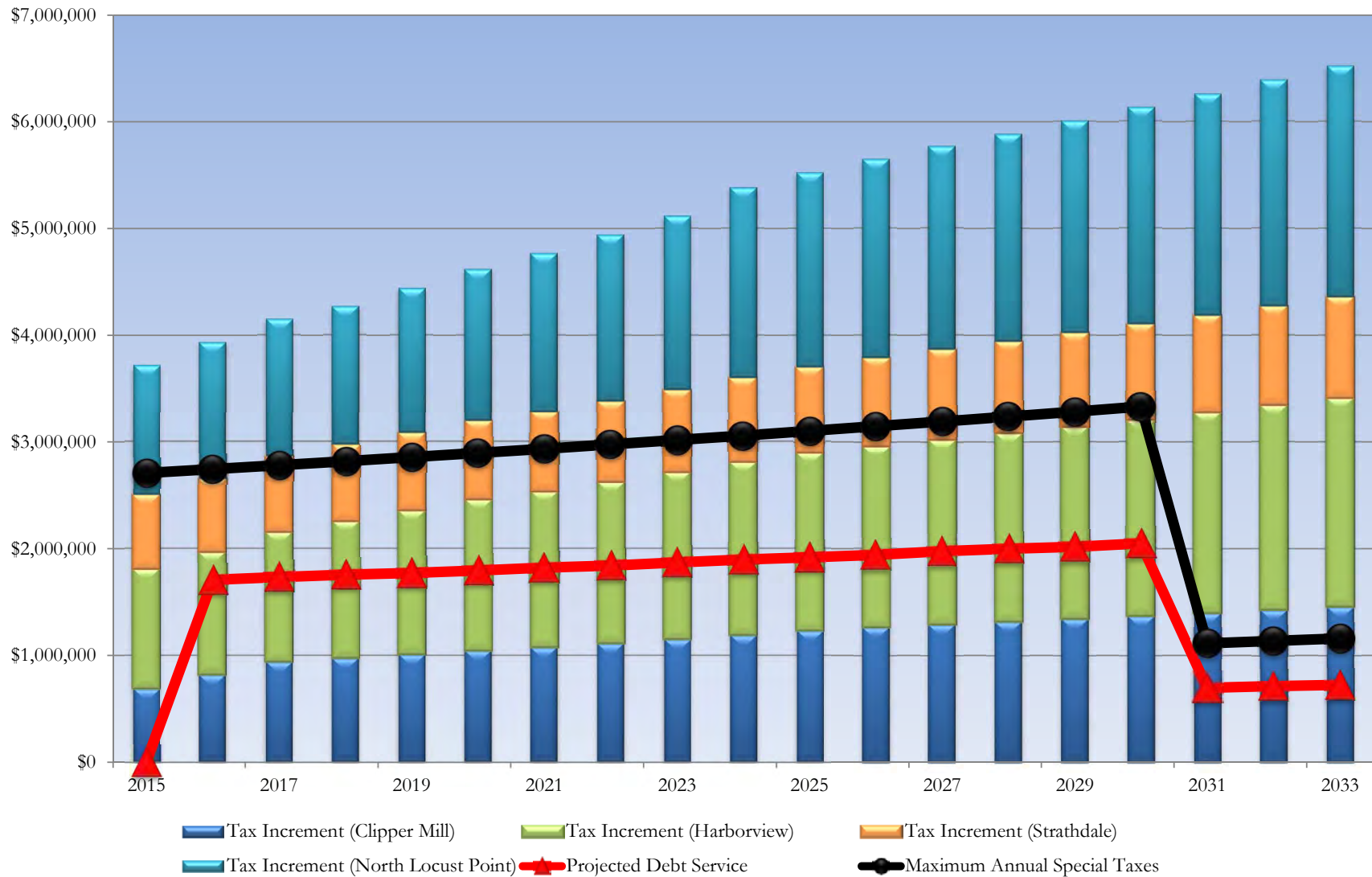
<sup>(b)</sup>See Schedules III-B through III-E of Appendix A.

<sup>(c)</sup>See Schedule V-A of Appendix A.

**CHART 5: PROJECTED REVENUES & DEBT SERVICE  
(ALL DISTRICTS -- SCENARIO A)**

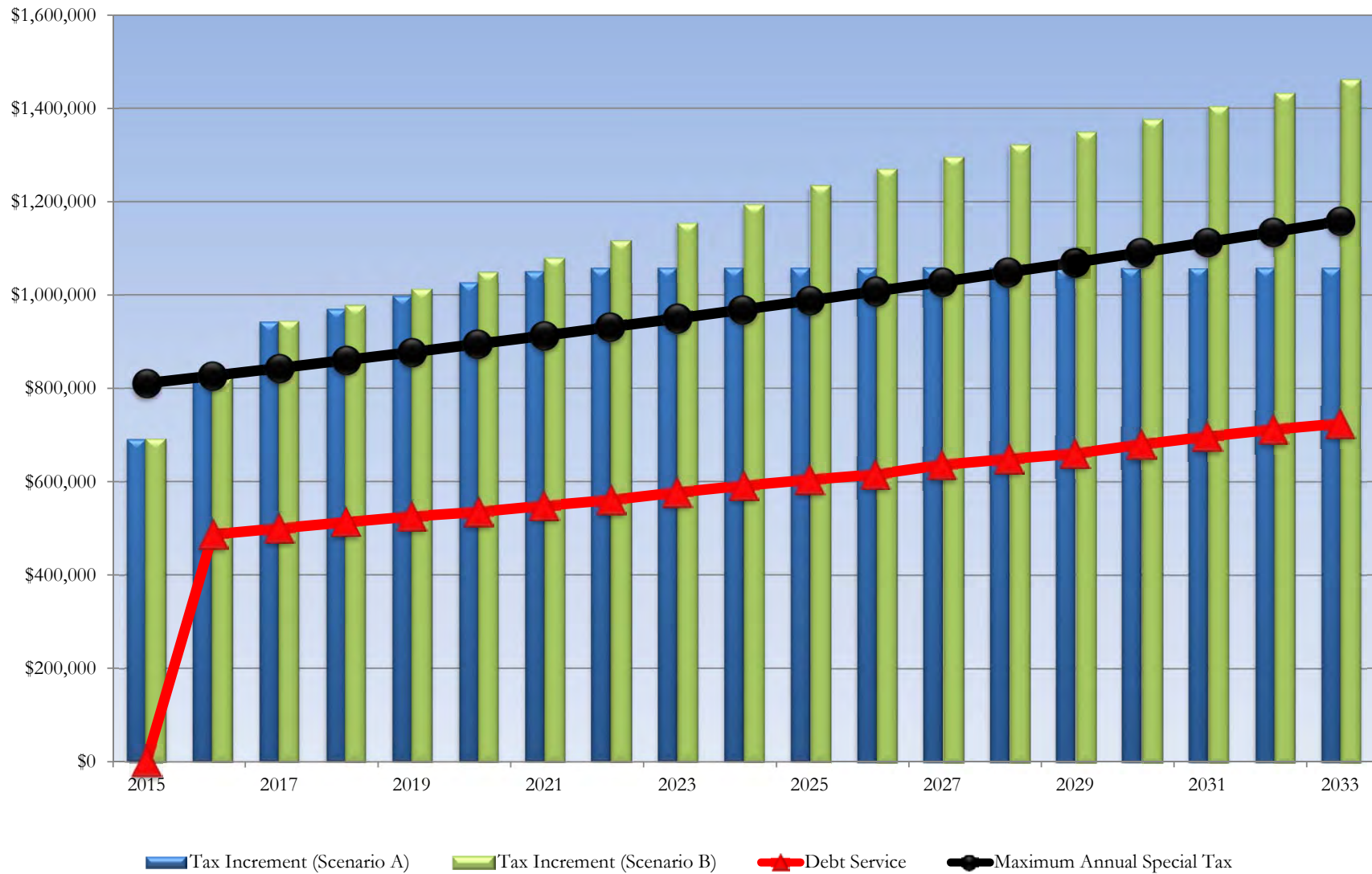


**CHART 6: PROJECTED REVENUES & DEBT SERVICE  
(ALL DISTRICTS -- SCENARIO B)**



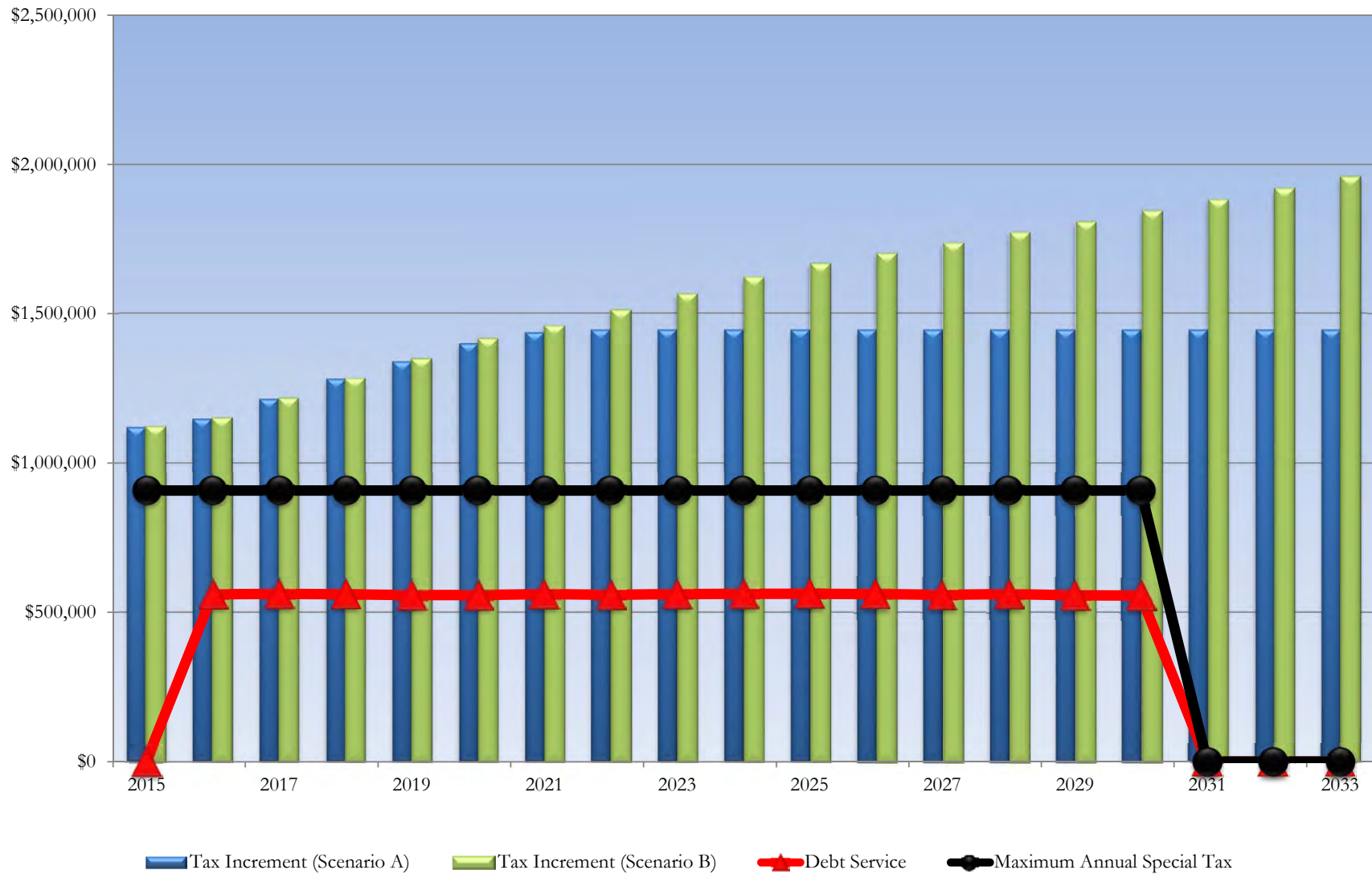


# **CHART 7: PROJECTED REVENUES & DEBT SERVICE (CLIPPER MILL DISTRICTS)**

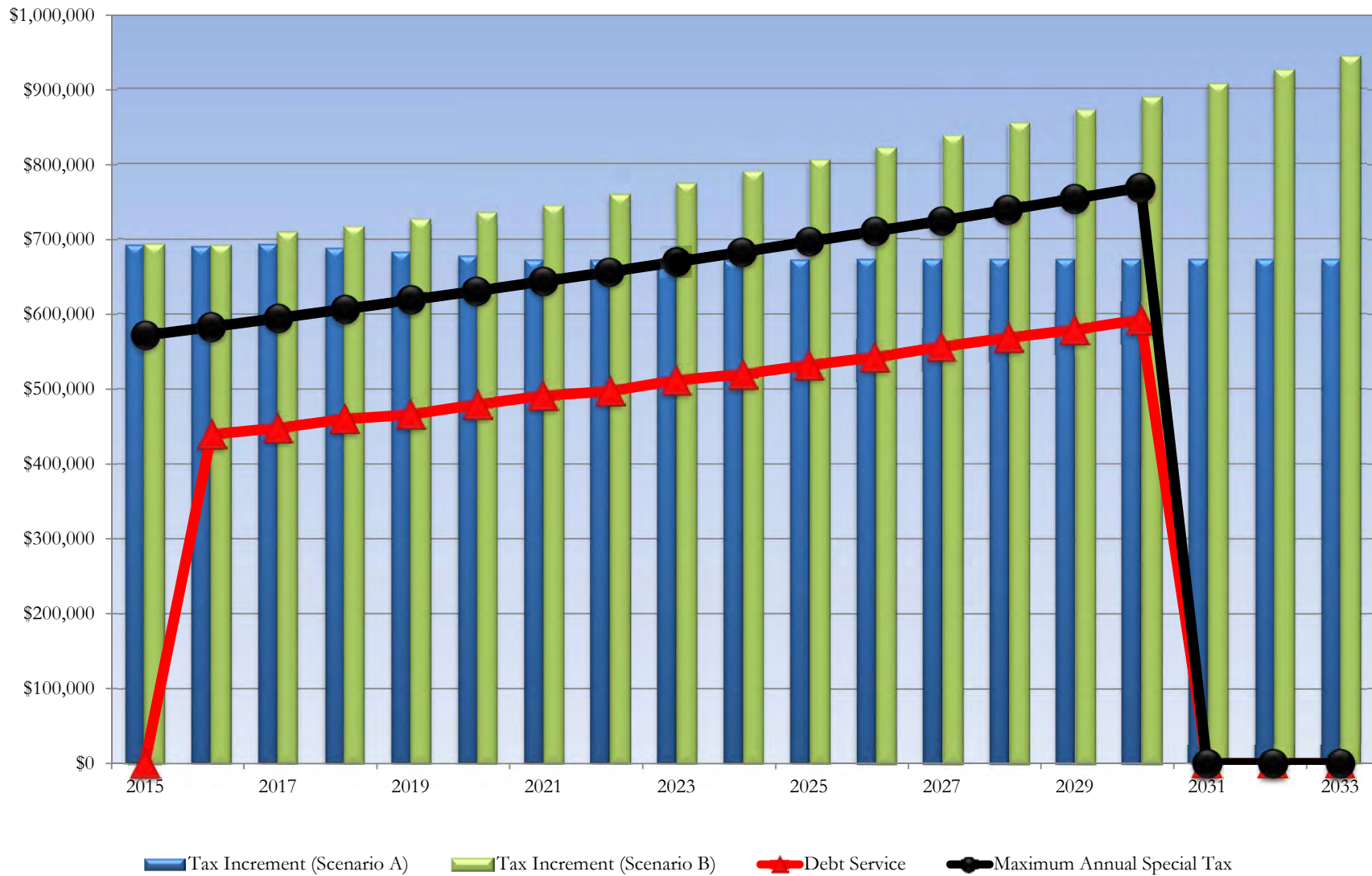




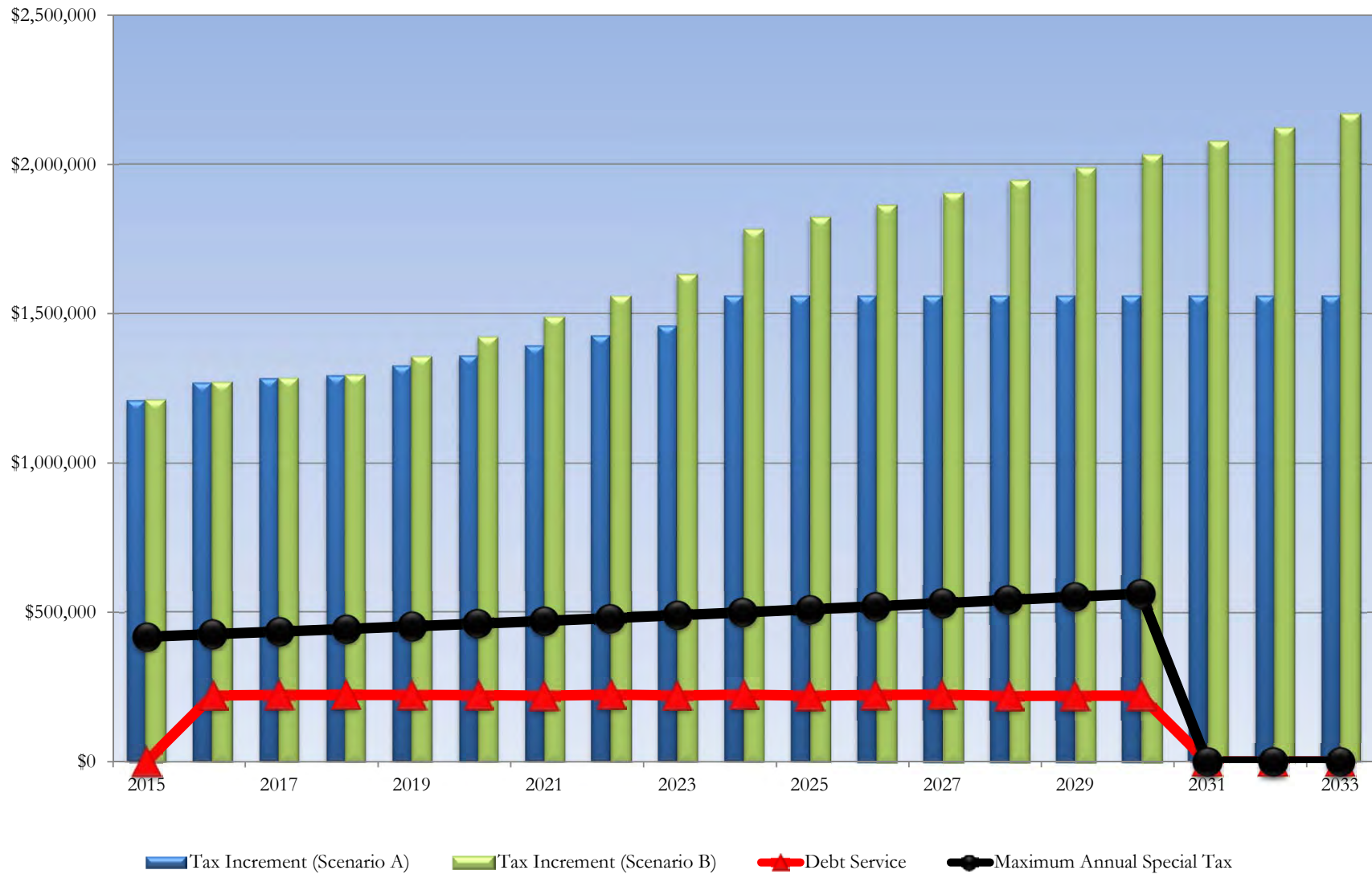
# CHART 8: PROJECTED REVENUES & DEBT SERVICE (HARBORVIEW DISTRICTS)



# CHART 9: PROJECTED REVENUES & DEBT SERVICE (STRATHDALE DISTRICTS)



**CHART 10: PROJECTED REVENUES & DEBT SERVICE  
(NORTH LOCUST POINT DISTRICTS)**



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## ***IX. Assumptions & Limitations***

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The valuation of property for real property tax purposes is determined by the Maryland State Department of Assessments and Taxation. This report attempts to estimate how SDAT may estimate the value of the subject properties in the future. The values estimated by SDAT will almost certainly differ from the estimates included in this report. Values can change significantly over time, and these changes can be significantly higher or lower than values in previous years. Determining property values for tax purposes is not as straightforward or as simple as the analysis in this report. Many factors not considered in this report may impact actual future values. Furthermore, property values are not likely to be consistent from year to year.

SDAT often relies on market data to estimate the value of property. Property values can be appealed, competition can be greater, national or local market conditions can change; in short, there are many factors that can affect the valuation of property. These factors make the projection of future values an imprecise exercise.

This report assumes that 98% of property taxes levied will be remitted prior to the end of the fiscal year in which they were levied. This study does not include an analysis to determine if the owners of property within the Development Districts will be able or willing to pay property taxes or if the tax collector will be able to collect unpaid taxes. The actual delinquencies in the payment of real property taxes in the Development Districts will likely be different than assumed in this report and a significant increase in the failure to pay property taxes would materially reduce the tax increment revenues available for debt service on the Series 2015 Bonds.

This report estimates future tax increment revenues based on current real property tax rates. Scenarios included herein do not assume real property tax rates in the future will differ than tax rates for fiscal year 2015. Real property tax rates have varied over the years and have declined in some years. Real property tax rates will likely vary in future years and be different than assumed in this report; a significant decrease in real property tax rates would materially affect the tax increment revenues available for repayment of debt service on the Series 2015 Bonds.

This report includes projections of tax increment revenues based on two percent annual appreciation of real property in Scenario B. Changes in values will not be consistent from year to year. Future values are estimated based on the most recent phase-in value. Values in any future year may be less than the most recent phase-in value.

This report makes assumptions regarding certain tax credits that could offset ad valorem taxes levied on properties within the Development Districts. The assessed values and the tax credits to which they are subject will likely be different than estimated in this report. The rate of some credits is set on an ongoing basis and could increase beyond what is assumed in this report. The City of Baltimore and the State of Maryland could introduce new credits, exemptions, or abatements applicable to parcels within the Development Districts. An increase in tax credits claimed could materially reduce the tax increment revenues available for debt service.

The Official Statement includes additional information on the Development Districts and the Special Taxing Districts, the collection of property taxes, and other matters relevant to this report, including risk factors related to the Series 2015 Bonds. This report should be reviewed in conjunction with the Official Statement and all relevant information therein applies to this report.

The Special Tax Reports and the RMAs include additional information on the potential special taxes within the applicable Special Taxing Districts. This report should be reviewed in conjunction with these documents and all relevant information therein applies to this report.

Numerous sources of information were relied on in the preparation of this report. These sources are believed to be reliable; however, no effort has been made to verify information obtained from other sources.

In summary, this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions will inevitably not materialize and unanticipated events and circumstance will occur. As a result, actual results will vary from the estimates in this report and the variations may be material.

Other assumptions made in the preparation of this report and limiting conditions to this report are as follows:

1. There are no zoning, building, safety, environmental or other federal, state, or local laws, regulations, or codes that would prohibit or impair the operation of the subject properties in the manner contemplated in this report, and the subject properties will be operated in compliance with all applicable laws, regulations, and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code affecting the subject properties or (b) any federal, state or local grant, financing or other program to be utilized in connection with the subject properties.
3. The local, national and international economies will not deteriorate and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject properties will be served by adequate transportation, utilities and governmental facilities.
5. The subject properties will not be subjected to any war, energy crises, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject properties will be operated in a highly professional manner.
7. There are no existing, impending or threatened litigation that could hinder the operation of the subject properties.
8. MuniCap, Inc. does not have expertise in and has no responsibility for legal, environmental, architectural, geologic, engineering, and other matters related to the operation of the subject properties.

**MAYOR AND CITY COUNCIL OF BALTIMORE**  
**Consolidated Special Obligation Refunding Bonds**  
**(Tax Increment Financing Projects)**  
**Series 2015**

**TAX INCREMENT AND SPECIAL TAX REPORT**

**APPENDIX A**  
**(REVENUE AND DEBT SERVICE PROJECTIONS)**

**Revenue Assumptions**

**Tax Increment Based on Current Phase-In Assessed Values**

**Tax Credits Expire as Scheduled**

**98% Collection Rate**

***Scenario A:* No Appreciation in Values**

***Scenario B:* 2% Annual Appreciaition in Values**

**Prepared By:**

**MuniCap, Inc.**  
**Public Finance**

**June 3, 2015**



**MAYOR AND CITY COUNCIL OF BALTIMORE, MARYLAND**  
**Consolidated Special Obligation Refunding Bonds**  
**(Tax Increment Financing Projects)**  
**Series 2015**

**TAX INCREMENT AND SPECIAL TAX REPORT**  
**APPENDIX A**

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**SCHEDULED DEBT SERVICE**  
**(Series 2015 Bonds)**



**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule I: Projected Debt Service - Series 2015 Bonds<sup>1</sup>

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11-Jun-15					
15-Dec-15			\$496,687	\$496,687	
15-Jun-16	\$725,000	2.000%	\$486,063	\$1,211,063	\$1,707,749
15-Dec-16			\$478,725	\$478,725	
15-Jun-17	\$775,000	4.000%	\$478,725	\$1,253,725	\$1,732,450
15-Dec-17			\$463,225	\$463,225	
15-Jun-18	\$830,000	4.000%	\$463,225	\$1,293,225	\$1,756,450
15-Dec-18			\$446,625	\$446,625	
15-Jun-19	\$880,000	5.000%	\$446,625	\$1,326,625	\$1,773,250
15-Dec-19			\$424,625	\$424,625	
15-Jun-20	\$945,000	5.000%	\$424,625	\$1,369,625	\$1,794,250
15-Dec-20			\$401,000	\$401,000	
15-Jun-21	\$1,020,000	5.000%	\$401,000	\$1,421,000	\$1,822,000
15-Dec-21			\$375,500	\$375,500	
15-Jun-22	\$1,090,000	5.000%	\$375,500	\$1,465,500	\$1,841,000
15-Dec-22			\$348,250	\$348,250	
15-Jun-23	\$1,175,000	5.000%	\$348,250	\$1,523,250	\$1,871,500
15-Dec-23			\$318,875	\$318,875	
15-Jun-24	\$1,260,000	5.000%	\$318,875	\$1,578,875	\$1,897,750
15-Dec-24			\$287,375	\$287,375	
15-Jun-25	\$1,345,000	5.000%	\$287,375	\$1,632,375	\$1,919,750
15-Dec-25			\$253,750	\$253,750	
15-Jun-26	\$1,435,000	5.000%	\$253,750	\$1,688,750	\$1,942,500
15-Dec-26			\$217,875	\$217,875	
15-Jun-27	\$1,540,000	5.000%	\$217,875	\$1,757,875	\$1,975,750
15-Dec-27			\$179,375	\$179,375	
15-Jun-28	\$1,640,000	5.000%	\$179,375	\$1,819,375	\$1,998,750
15-Dec-28			\$138,375	\$138,375	
15-Jun-29	\$1,740,000	5.000%	\$138,375	\$1,878,375	\$2,016,750
15-Dec-29			\$94,875	\$94,875	
15-Jun-30	\$1,860,000	5.000%	\$94,875	\$1,954,875	\$2,049,750
15-Dec-30			\$48,375	\$48,375	
15-Jun-31	\$600,000	5.000%	\$48,375	\$648,375	\$696,750
15-Dec-31			\$33,375	\$33,375	
15-Jun-32	\$645,000	5.000%	\$33,375	\$678,375	\$711,750
15-Dec-32			\$17,250	\$17,250	
15-Jun-33	\$690,000	5.000%	\$17,250	\$707,250	\$724,500
	\$20,195,000		\$10,037,649	\$30,232,649	\$30,232,649

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company.

**PROJECTED DEBT SERVICE COVERAGE**  
**(Scenario A)**

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule II-A: Projected Debt Service Coverage - Aggregate (Scenario A)

Series 2015 Bonds					Tax Increment Revenues			Maximum Special Taxes				Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Taxes <sup>2</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Increment Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$80,000	\$80,000	\$3,716,118	\$3,636,118	N.A.	\$2,708,874	N.A.	\$6,424,992	N.A.	\$0	\$3,716,118	N.A.
1-Jul-15	15-Jun-16	\$1,707,749	\$81,600	\$1,789,349	\$3,931,569	\$2,142,220	220%	\$2,744,891	153%	\$6,676,461	373%	\$0	\$3,931,569	220%
1-Jul-16	15-Jun-17	\$1,732,450	\$83,232	\$1,815,682	\$4,136,248	\$2,320,566	228%	\$2,781,629	153%	\$6,917,877	381%	\$0	\$4,136,248	228%
1-Jul-17	15-Jun-18	\$1,756,450	\$84,897	\$1,841,347	\$4,234,714	\$2,393,368	230%	\$2,819,102	153%	\$7,053,816	383%	\$0	\$4,234,714	230%
1-Jul-18	15-Jun-19	\$1,773,250	\$86,595	\$1,859,845	\$4,349,554	\$2,489,710	234%	\$2,857,324	154%	\$7,206,878	387%	\$0	\$4,349,554	234%
1-Jul-19	15-Jun-20	\$1,794,250	\$88,326	\$1,882,576	\$4,467,052	\$2,584,475	237%	\$2,896,310	154%	\$7,363,362	391%	\$0	\$4,467,052	237%
1-Jul-20	15-Jun-21	\$1,822,000	\$90,093	\$1,912,093	\$4,555,714	\$2,643,621	238%	\$2,936,077	154%	\$7,491,790	392%	\$0	\$4,555,714	238%
1-Jul-21	15-Jun-22	\$1,841,000	\$91,895	\$1,932,895	\$4,605,648	\$2,672,753	238%	\$2,976,638	154%	\$7,582,286	392%	\$0	\$4,605,648	238%
1-Jul-22	15-Jun-23	\$1,871,500	\$93,733	\$1,965,233	\$4,638,998	\$2,673,765	236%	\$3,018,011	154%	\$7,657,009	390%	\$0	\$4,638,998	236%
1-Jul-23	15-Jun-24	\$1,897,750	\$95,607	\$1,993,357	\$4,739,047	\$2,745,689	238%	\$3,060,211	154%	\$7,799,258	391%	\$0	\$4,739,047	238%
1-Jul-24	15-Jun-25	\$1,919,750	\$97,520	\$2,017,270	\$4,739,047	\$2,721,777	235%	\$3,103,255	154%	\$7,842,302	389%	\$0	\$4,739,047	235%
1-Jul-25	15-Jun-26	\$1,942,500	\$99,470	\$2,041,970	\$4,739,047	\$2,697,077	232%	\$3,147,160	154%	\$7,886,207	386%	\$0	\$4,739,047	232%
1-Jul-26	15-Jun-27	\$1,975,750	\$101,459	\$2,077,209	\$4,739,047	\$2,661,837	228%	\$3,191,944	154%	\$7,930,990	382%	\$0	\$4,739,047	228%
1-Jul-27	15-Jun-28	\$1,998,750	\$103,489	\$2,102,239	\$4,739,047	\$2,636,808	225%	\$3,237,623	154%	\$7,976,669	379%	\$0	\$4,739,047	225%
1-Jul-28	15-Jun-29	\$2,016,750	\$105,558	\$2,122,308	\$4,739,047	\$2,616,738	223%	\$3,284,215	155%	\$8,023,262	378%	\$0	\$4,739,047	223%
1-Jul-29	15-Jun-30	\$2,049,750	\$107,669	\$2,157,419	\$4,739,047	\$2,581,627	220%	\$3,331,739	154%	\$8,070,786	374%	\$0	\$4,739,047	220%
1-Jul-30	15-Jun-31	\$696,750	\$34,320	\$731,070	\$4,739,047	\$4,007,977	648%	\$1,112,834	152%	\$5,851,880	800%	\$0	\$4,739,047	648%
1-Jul-31	15-Jun-32	\$711,750	\$35,006	\$746,756	\$4,739,047	\$3,992,291	635%	\$1,135,090	152%	\$5,874,137	787%	\$0	\$4,739,047	635%
1-Jul-32	15-Jun-33	\$724,500	\$35,706	\$760,206	\$4,739,047	\$3,978,840	623%	\$1,157,792	152%	\$5,896,839	776%	\$0	\$4,739,047	623%
Total		\$30,232,649	\$1,596,175	\$31,828,824	\$86,026,082	\$54,197,258		\$51,708,555		\$137,734,637		\$0	\$86,026,082	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>See Schedule I. Includes principal and interest.

<sup>2</sup>See Schedules II-B through II-E.

<sup>3</sup>See Schedule IV-A.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule II-B: Projected Debt Service Coverage - Clipper Mill (Scenario A)

Series 2015 Bonds					Tax Increment Revenue			Maximum Special Tax				Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax <sup>4</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Required Special Tax	Special Tax Plus Tax Increment Revenue	Total Debt Service & Expenses
1-Jul-14	At Closing	\$0	\$25,000	\$25,000	\$691,375	\$666,375	N.A.	\$810,639	N.A.	\$1,502,014	N.A.	\$0	\$691,375	N.A.
1-Jul-15	15-Jun-16	\$486,599	\$25,500	\$512,099	\$821,759	\$309,660	160%	\$826,852	161%	\$1,648,611	322%	\$0	\$821,759	160%
1-Jul-16	15-Jun-17	\$499,900	\$26,010	\$525,910	\$943,238	\$417,328	179%	\$843,389	160%	\$1,786,626	340%	\$0	\$943,238	179%
1-Jul-17	15-Jun-18	\$513,100	\$26,530	\$539,630	\$970,357	\$430,726	180%	\$860,257	159%	\$1,830,613	339%	\$0	\$970,357	180%
1-Jul-18	15-Jun-19	\$525,500	\$27,061	\$552,561	\$998,491	\$445,930	181%	\$877,462	159%	\$1,875,953	340%	\$0	\$998,491	181%
1-Jul-19	15-Jun-20	\$535,000	\$27,602	\$562,602	\$1,027,682	\$465,080	183%	\$895,011	159%	\$1,922,693	342%	\$0	\$1,027,682	183%
1-Jul-20	15-Jun-21	\$548,500	\$28,154	\$576,654	\$1,051,670	\$475,016	182%	\$912,911	158%	\$1,964,581	341%	\$0	\$1,051,670	182%
1-Jul-21	15-Jun-22	\$560,750	\$28,717	\$589,467	\$1,058,883	\$469,416	180%	\$931,169	158%	\$1,990,052	338%	\$0	\$1,058,883	180%
1-Jul-22	15-Jun-23	\$576,750	\$29,291	\$606,041	\$1,058,883	\$452,841	175%	\$949,793	157%	\$2,008,675	331%	\$0	\$1,058,883	175%
1-Jul-23	15-Jun-24	\$591,250	\$29,877	\$621,127	\$1,058,883	\$437,755	170%	\$968,789	156%	\$2,027,671	326%	\$0	\$1,058,883	170%
1-Jul-24	15-Jun-25	\$604,250	\$30,475	\$634,725	\$1,058,883	\$424,158	167%	\$988,164	156%	\$2,047,047	323%	\$0	\$1,058,883	167%
1-Jul-25	15-Jun-26	\$615,750	\$31,084	\$646,834	\$1,058,883	\$412,048	164%	\$1,007,928	156%	\$2,066,810	320%	\$0	\$1,058,883	164%
1-Jul-26	15-Jun-27	\$635,750	\$31,706	\$667,456	\$1,058,883	\$391,427	159%	\$1,028,086	154%	\$2,086,969	313%	\$0	\$1,058,883	159%
1-Jul-27	15-Jun-28	\$648,750	\$32,340	\$681,090	\$1,058,883	\$377,792	155%	\$1,048,648	154%	\$2,107,531	309%	\$0	\$1,058,883	155%
1-Jul-28	15-Jun-29	\$660,000	\$32,987	\$692,987	\$1,058,883	\$365,896	153%	\$1,069,621	154%	\$2,128,504	307%	\$0	\$1,058,883	153%
1-Jul-29	15-Jun-30	\$679,500	\$33,647	\$713,147	\$1,058,883	\$345,736	148%	\$1,091,013	153%	\$2,149,896	301%	\$0	\$1,058,883	148%
1-Jul-30	15-Jun-31	\$696,750	\$34,320	\$731,070	\$1,058,883	\$327,813	145%	\$1,112,834	152%	\$2,171,716	297%	\$0	\$1,058,883	145%
1-Jul-31	15-Jun-32	\$711,750	\$35,006	\$746,756	\$1,058,883	\$312,127	142%	\$1,135,090	152%	\$2,193,973	294%	\$0	\$1,058,883	142%
1-Jul-32	15-Jun-33	\$724,500	\$35,706	\$760,206	\$1,058,883	\$298,677	139%	\$1,157,792	152%	\$2,216,675	292%	\$0	\$1,058,883	139%
Total		\$10,814,349	\$571,014	\$11,385,363	\$19,211,163	\$7,825,800		\$18,515,448		\$37,726,610		\$0	\$19,211,163	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule IV-B.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap. Maximum Special Tax in the out years assume 2% annual growth rate.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule II-C: Projected Debt Service Coverage - Harborview Lot #2 (Scenario A)

Series 2015 Bonds					Tax Increment Revenue			Maximum Special Tax				Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax <sup>4</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Plus Tax Increment Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$20,000	\$20,000	\$1,120,321	\$1,100,321	N.A.	\$908,000	N.A.	\$2,028,321	N.A.	\$0	\$1,120,321	N.A.
1-Jul-15	15-Jun-16	\$560,280	\$20,400	\$580,680	\$1,148,331	\$567,651	198%	\$908,000	156%	\$2,056,331	354%	\$0	\$1,148,331	198%
1-Jul-16	15-Jun-17	\$561,600	\$20,808	\$582,408	\$1,214,546	\$632,138	209%	\$908,000	156%	\$2,122,546	364%	\$0	\$1,214,546	209%
1-Jul-17	15-Jun-18	\$560,000	\$21,224	\$581,224	\$1,281,296	\$700,072	220%	\$908,000	156%	\$2,189,296	377%	\$0	\$1,281,296	220%
1-Jul-18	15-Jun-19	\$558,000	\$21,649	\$579,649	\$1,339,862	\$760,214	231%	\$908,000	157%	\$2,247,862	388%	\$0	\$1,339,862	231%
1-Jul-19	15-Jun-20	\$557,500	\$22,082	\$579,582	\$1,400,030	\$820,448	242%	\$908,000	157%	\$2,308,030	398%	\$0	\$1,400,030	242%
1-Jul-20	15-Jun-21	\$561,250	\$22,523	\$583,773	\$1,436,564	\$852,791	246%	\$908,000	156%	\$2,344,564	402%	\$0	\$1,436,564	246%
1-Jul-21	15-Jun-22	\$559,000	\$22,974	\$581,974	\$1,445,936	\$863,962	248%	\$908,000	156%	\$2,353,936	404%	\$0	\$1,445,936	248%
1-Jul-22	15-Jun-23	\$561,000	\$23,433	\$584,433	\$1,445,936	\$861,502	247%	\$908,000	155%	\$2,353,936	403%	\$0	\$1,445,936	247%
1-Jul-23	15-Jun-24	\$562,000	\$23,902	\$585,902	\$1,445,936	\$860,034	247%	\$908,000	155%	\$2,353,936	402%	\$0	\$1,445,936	247%
1-Jul-24	15-Jun-25	\$562,000	\$24,380	\$586,380	\$1,445,936	\$859,556	247%	\$908,000	155%	\$2,353,936	401%	\$0	\$1,445,936	247%
1-Jul-25	15-Jun-26	\$561,000	\$24,867	\$585,867	\$1,445,936	\$860,068	247%	\$908,000	155%	\$2,353,936	402%	\$0	\$1,445,936	247%
1-Jul-26	15-Jun-27	\$559,000	\$25,365	\$584,365	\$1,445,936	\$861,571	247%	\$908,000	155%	\$2,353,936	403%	\$0	\$1,445,936	247%
1-Jul-27	15-Jun-28	\$561,000	\$25,872	\$586,872	\$1,445,936	\$859,063	246%	\$908,000	155%	\$2,353,936	401%	\$0	\$1,445,936	246%
1-Jul-28	15-Jun-29	\$556,750	\$26,390	\$583,140	\$1,445,936	\$862,796	248%	\$908,000	156%	\$2,353,936	404%	\$0	\$1,445,936	248%
1-Jul-29	15-Jun-30	\$556,500	\$26,917	\$583,417	\$1,445,936	\$862,518	248%	\$908,000	156%	\$2,353,936	403%	\$0	\$1,445,936	248%
1-Jul-30	15-Jun-31	\$0	\$0	\$0	\$1,445,936	\$1,445,936	N.A.	\$0	N.A.	\$1,445,936	N.A.	\$0	\$1,445,936	N.A.
1-Jul-31	15-Jun-32	\$0	\$0	\$0	\$1,445,936	\$1,445,936	N.A.	\$0	N.A.	\$1,445,936	N.A.	\$0	\$1,445,936	N.A.
1-Jul-32	15-Jun-33	\$0	\$0	\$0	\$1,445,936	\$1,445,936	N.A.	\$0	N.A.	\$1,445,936	N.A.	\$0	\$1,445,936	N.A.
Total		\$8,396,880	\$372,786	\$8,769,666	\$26,292,177	\$17,522,511		\$14,528,000		\$37,928,306		\$0	\$26,292,177	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule IV-C.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule II-D: Projected Debt Service Coverage - Strathdale Manor (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Series 2015 Bonds			Tax Increment Revenue			Maximum Special Tax				Special Tax Requirement		
		Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax <sup>4</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Plus Tax Increment Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$20,000	\$20,000	\$693,030	\$673,030	N.A.	\$571,952	N.A.	\$1,264,982	N.A.	\$0	\$693,030	N.A.
1-Jul-15	15-Jun-16	\$439,547	\$20,400	\$459,947	\$691,378	\$231,431	150%	\$583,391	127%	\$1,274,769	277%	\$0	\$691,378	150%
1-Jul-16	15-Jun-17	\$448,050	\$20,808	\$468,858	\$694,023	\$225,165	148%	\$595,059	127%	\$1,289,082	275%	\$0	\$694,023	148%
1-Jul-17	15-Jun-18	\$460,050	\$21,224	\$481,274	\$688,813	\$207,539	143%	\$606,960	126%	\$1,295,773	269%	\$0	\$688,813	143%
1-Jul-18	15-Jun-19	\$466,250	\$21,649	\$487,899	\$683,603	\$195,704	140%	\$619,099	127%	\$1,302,702	267%	\$0	\$683,603	140%
1-Jul-19	15-Jun-20	\$479,500	\$22,082	\$501,582	\$678,393	\$176,811	135%	\$631,481	126%	\$1,309,874	261%	\$0	\$678,393	135%
1-Jul-20	15-Jun-21	\$491,500	\$22,523	\$514,023	\$673,183	\$159,160	131%	\$644,111	125%	\$1,317,294	256%	\$0	\$673,183	131%
1-Jul-21	15-Jun-22	\$497,250	\$22,974	\$520,224	\$673,183	\$152,959	129%	\$656,993	126%	\$1,330,176	256%	\$0	\$673,183	129%
1-Jul-22	15-Jun-23	\$512,000	\$23,433	\$535,433	\$673,183	\$137,750	126%	\$670,133	125%	\$1,343,316	251%	\$0	\$673,183	126%
1-Jul-23	15-Jun-24	\$520,250	\$23,902	\$544,152	\$673,183	\$129,031	124%	\$683,536	126%	\$1,356,719	249%	\$0	\$673,183	124%
1-Jul-24	15-Jun-25	\$532,250	\$24,380	\$556,630	\$673,183	\$116,553	121%	\$697,206	125%	\$1,370,389	246%	\$0	\$673,183	121%
1-Jul-25	15-Jun-26	\$542,750	\$24,867	\$567,617	\$673,183	\$105,565	119%	\$711,150	125%	\$1,384,333	244%	\$0	\$673,183	119%
1-Jul-26	15-Jun-27	\$556,750	\$25,365	\$582,115	\$673,183	\$91,068	116%	\$725,373	125%	\$1,398,556	240%	\$0	\$673,183	116%
1-Jul-27	15-Jun-28	\$569,000	\$25,872	\$594,872	\$673,183	\$78,311	113%	\$739,881	124%	\$1,413,064	238%	\$0	\$673,183	113%
1-Jul-28	15-Jun-29	\$579,500	\$26,390	\$605,890	\$673,183	\$67,293	111%	\$754,679	125%	\$1,427,861	236%	\$0	\$673,183	111%
1-Jul-29	15-Jun-30	\$593,250	\$26,917	\$620,167	\$673,183	\$53,016	109%	\$769,772	124%	\$1,442,955	233%	\$0	\$673,183	109%
1-Jul-30	15-Jun-31	\$0	\$0	\$0	\$673,183	\$673,183	N.A.	\$0	N.A.	\$673,183	N.A.	\$0	\$673,183	N.A.
1-Jul-31	15-Jun-32	\$0	\$0	\$0	\$673,183	\$673,183	N.A.	\$0	N.A.	\$673,183	N.A.	\$0	\$673,183	N.A.
1-Jul-32	15-Jun-33	\$0	\$0	\$0	\$673,183	\$673,183	N.A.	\$0	N.A.	\$673,183	N.A.	\$0	\$673,183	N.A.
Total		\$7,687,897	\$372,786	\$8,060,683	\$12,880,618	\$4,819,935		\$10,660,776		\$23,541,395		\$0	\$12,880,618	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule IV-D.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap. Maximum Special Taxes in the out years assumes 2% annual growth rate.

*Consolidated Special Obligation Refunding Bonds  
Series 2015*

Schedule II-E: Projected Debt Service Coverage - North Locust Point (Scenario A)

Series 2015 Bonds					Tax Increment Revenue			Maximum Special Tax				Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax <sup>4</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Plus Tax Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$15,000	\$15,000	\$1,211,392	\$1,196,392	N.A.	\$418,283	N.A.	\$1,629,675	N.A.	\$0	\$1,211,392	N.A.
1-Jul-15	15-Jun-16	\$221,323	\$15,300	\$236,623	\$1,270,101	\$1,033,478	537%	\$426,649	180%	\$1,696,750	717%	\$0	\$1,270,101	537%
1-Jul-16	15-Jun-17	\$222,900	\$15,606	\$238,506	\$1,284,441	\$1,045,935	539%	\$435,182	182%	\$1,719,623	721%	\$0	\$1,284,441	539%
1-Jul-17	15-Jun-18	\$223,300	\$15,918	\$239,218	\$1,294,249	\$1,055,030	541%	\$443,885	186%	\$1,738,134	727%	\$0	\$1,294,249	541%
1-Jul-18	15-Jun-19	\$223,500	\$16,236	\$239,736	\$1,327,598	\$1,087,862	554%	\$452,763	189%	\$1,780,361	743%	\$0	\$1,327,598	554%
1-Jul-19	15-Jun-20	\$222,250	\$16,561	\$238,811	\$1,360,948	\$1,122,137	570%	\$461,818	193%	\$1,822,766	763%	\$0	\$1,360,948	570%
1-Jul-20	15-Jun-21	\$220,750	\$16,892	\$237,642	\$1,394,297	\$1,156,655	587%	\$471,055	198%	\$1,865,352	785%	\$0	\$1,394,297	587%
1-Jul-21	15-Jun-22	\$224,000	\$17,230	\$241,230	\$1,427,647	\$1,186,417	592%	\$480,476	199%	\$1,908,123	791%	\$0	\$1,427,647	592%
1-Jul-22	15-Jun-23	\$221,750	\$17,575	\$239,325	\$1,460,997	\$1,221,672	610%	\$490,085	205%	\$1,951,082	815%	\$0	\$1,460,997	610%
1-Jul-23	15-Jun-24	\$224,250	\$17,926	\$242,176	\$1,561,046	\$1,318,869	645%	\$499,887	206%	\$2,060,932	851%	\$0	\$1,561,046	645%
1-Jul-24	15-Jun-25	\$221,250	\$18,285	\$239,535	\$1,561,046	\$1,321,511	652%	\$509,885	213%	\$2,070,930	865%	\$0	\$1,561,046	652%
1-Jul-25	15-Jun-26	\$223,000	\$18,651	\$241,651	\$1,561,046	\$1,319,395	646%	\$520,082	215%	\$2,081,128	861%	\$0	\$1,561,046	646%
1-Jul-26	15-Jun-27	\$224,250	\$19,024	\$243,274	\$1,561,046	\$1,317,772	642%	\$530,484	218%	\$2,091,529	860%	\$0	\$1,561,046	642%
1-Jul-27	15-Jun-28	\$220,000	\$19,404	\$239,404	\$1,561,046	\$1,321,641	652%	\$541,094	226%	\$2,102,139	878%	\$0	\$1,561,046	652%
1-Jul-28	15-Jun-29	\$220,500	\$19,792	\$240,292	\$1,561,046	\$1,320,753	650%	\$551,916	230%	\$2,112,961	879%	\$0	\$1,561,046	650%
1-Jul-29	15-Jun-30	\$220,500	\$20,188	\$240,688	\$1,561,046	\$1,320,357	649%	\$562,954	234%	\$2,123,999	882%	\$0	\$1,561,046	649%
1-Jul-30	15-Jun-31	\$0	\$0	\$0	\$1,561,046	\$1,561,046	N.A.	\$0	N.A.	\$1,561,046	N.A.	\$0	\$1,561,046	N.A.
1-Jul-31	15-Jun-32	\$0	\$0	\$0	\$1,561,046	\$1,561,046	N.A.	\$0	N.A.	\$1,561,046	N.A.	\$0	\$1,561,046	N.A.
1-Jul-32	15-Jun-33	\$0	\$0	\$0	\$1,561,046	\$1,561,046	N.A.	\$0	N.A.	\$1,561,046	N.A.	\$0	\$1,561,046	N.A.
Total		\$3,333,523	\$279,589	\$3,613,113	\$27,642,125	\$24,029,012		\$8,004,331		\$35,646,456		\$0	\$27,642,125	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule IV-E.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap. Maximum Special Taxes in the out years assumes 2% annual growth rate.

**PROJECTED DEBT SERVICE COVERAGE**  
**(Scenario B)**



**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule III-A: Projected Debt Service Coverage - Aggregate (Scenario B)

Series 2015 Bonds					Tax Increment Revenues			Maximum Special Taxes				2015 Refunding Bonds		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Taxes <sup>2</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Plus Tax Increment Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$80,000	\$80,000	\$3,716,118	\$3,636,118	N.A.	\$2,708,874	N.A.	\$6,424,992	N.A.	\$0	\$3,716,118	N.A.
1-Jul-15	15-Jun-16	\$1,707,749	\$81,600	\$1,789,349	\$3,931,569	\$2,142,220	220%	\$2,744,891	153%	\$6,676,461	373%	\$0	\$3,931,569	220%
1-Jul-16	15-Jun-17	\$1,732,450	\$83,232	\$1,815,682	\$4,151,274	\$2,335,592	229%	\$2,781,629	153%	\$6,932,904	382%	\$0	\$4,151,274	229%
1-Jul-17	15-Jun-18	\$1,756,450	\$84,897	\$1,841,347	\$4,269,363	\$2,428,016	232%	\$2,819,102	153%	\$7,088,465	385%	\$0	\$4,269,363	232%
1-Jul-18	15-Jun-19	\$1,773,250	\$86,595	\$1,859,845	\$4,441,083	\$2,581,239	239%	\$2,857,324	154%	\$7,298,407	392%	\$0	\$4,441,083	239%
1-Jul-19	15-Jun-20	\$1,794,250	\$88,326	\$1,882,576	\$4,617,632	\$2,735,056	245%	\$2,896,310	154%	\$7,513,942	399%	\$0	\$4,617,632	245%
1-Jul-20	15-Jun-21	\$1,822,000	\$90,093	\$1,912,093	\$4,767,570	\$2,855,477	249%	\$2,936,077	154%	\$7,703,646	403%	\$0	\$4,767,570	249%
1-Jul-21	15-Jun-22	\$1,841,000	\$91,895	\$1,932,895	\$4,940,894	\$3,008,000	256%	\$2,976,638	154%	\$7,917,533	410%	\$0	\$4,940,894	256%
1-Jul-22	15-Jun-23	\$1,871,500	\$93,733	\$1,965,233	\$5,120,274	\$3,155,041	261%	\$3,018,011	154%	\$8,138,285	414%	\$0	\$5,120,274	261%
1-Jul-23	15-Jun-24	\$1,897,750	\$95,607	\$1,993,357	\$5,383,272	\$3,389,915	270%	\$3,060,211	154%	\$8,443,483	424%	\$0	\$5,383,272	270%
1-Jul-24	15-Jun-25	\$1,919,750	\$97,520	\$2,017,270	\$5,524,564	\$3,507,295	274%	\$3,103,255	154%	\$8,627,820	428%	\$0	\$5,524,564	274%
1-Jul-25	15-Jun-26	\$1,942,500	\$99,470	\$2,041,970	\$5,649,706	\$3,607,737	277%	\$3,147,160	154%	\$8,796,867	431%	\$0	\$5,649,706	277%
1-Jul-26	15-Jun-27	\$1,975,750	\$101,459	\$2,077,209	\$5,767,367	\$3,690,158	278%	\$3,191,944	154%	\$8,959,311	431%	\$0	\$5,767,367	278%
1-Jul-27	15-Jun-28	\$1,998,750	\$103,489	\$2,102,239	\$5,887,382	\$3,785,143	280%	\$3,237,623	154%	\$9,125,004	434%	\$0	\$5,887,382	280%
1-Jul-28	15-Jun-29	\$2,016,750	\$105,558	\$2,122,308	\$6,009,796	\$3,887,488	283%	\$3,284,215	155%	\$9,294,011	438%	\$0	\$6,009,796	283%
1-Jul-29	15-Jun-30	\$2,049,750	\$107,669	\$2,157,419	\$6,134,659	\$3,977,239	284%	\$3,331,739	154%	\$9,466,398	439%	\$0	\$6,134,659	284%
1-Jul-30	15-Jun-31	\$696,750	\$34,320	\$731,070	\$6,262,019	\$5,530,949	857%	\$1,112,834	152%	\$7,374,852	1009%	\$0	\$6,262,019	857%
1-Jul-31	15-Jun-32	\$711,750	\$35,006	\$746,756	\$6,391,926	\$5,645,170	856%	\$1,135,090	152%	\$7,527,016	1008%	\$0	\$6,391,926	856%
1-Jul-32	15-Jun-33	\$724,500	\$35,706	\$760,206	\$6,524,431	\$5,764,225	858%	\$1,157,792	152%	\$7,682,223	1011%	\$0	\$6,524,431	858%
Total		\$30,232,649	\$1,596,175	\$31,828,824	\$99,490,900	\$67,662,076		\$51,708,555		\$151,199,455		\$0	\$99,490,900	

MuniCap, Inc.

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<sup>1</sup>See Schedule I. Includes principal and interest.

<sup>2</sup>See Schedules III-B through III-E.

<sup>3</sup>See Schedule V-A.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule III-B: Projected Debt Service Coverage - Clipper Mill (Scenario B)

Series 2015 Bonds					Tax Increment Revenue			Maximum Special Tax			Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Required Special Tax	Special Tax Plus Tax Increment Revenue	Total Debt Service & Expenses
1-Jul-14	At Closing	\$0	\$25,000	\$25,000	\$691,375	\$666,375	N.A.	N.A.	\$1,502,014	N.A.	\$0	\$691,375	N.A.
1-Jul-15	15-Jun-16	\$486,599	\$25,500	\$512,099	\$821,759	\$309,660	160%	161%	\$1,648,611	322%	\$0	\$821,759	160%
1-Jul-16	15-Jun-17	\$499,900	\$26,010	\$525,910	\$943,238	\$417,328	179%	160%	\$1,786,626	340%	\$0	\$943,238	179%
1-Jul-17	15-Jun-18	\$513,100	\$26,530	\$539,630	\$977,177	\$437,547	181%	159%	\$1,837,434	340%	\$0	\$977,177	181%
1-Jul-18	15-Jun-19	\$525,500	\$27,061	\$552,561	\$1,012,084	\$459,523	183%	159%	\$1,889,546	342%	\$0	\$1,012,084	183%
1-Jul-19	15-Jun-20	\$535,000	\$27,602	\$562,602	\$1,047,996	\$485,394	186%	159%	\$1,943,007	345%	\$0	\$1,047,996	186%
1-Jul-20	15-Jun-21	\$548,500	\$28,154	\$576,654	\$1,078,652	\$501,998	187%	158%	\$1,991,563	345%	\$0	\$1,078,652	187%
1-Jul-21	15-Jun-22	\$560,750	\$28,717	\$589,467	\$1,115,437	\$525,970	189%	158%	\$2,046,607	347%	\$0	\$1,115,437	189%
1-Jul-22	15-Jun-23	\$576,750	\$29,291	\$606,041	\$1,153,552	\$547,511	190%	157%	\$2,103,345	347%	\$0	\$1,153,552	190%
1-Jul-23	15-Jun-24	\$591,250	\$29,877	\$621,127	\$1,193,047	\$571,920	192%	156%	\$2,161,836	348%	\$0	\$1,193,047	192%
1-Jul-24	15-Jun-25	\$604,250	\$30,475	\$634,725	\$1,233,975	\$599,250	194%	156%	\$2,222,139	350%	\$0	\$1,233,975	194%
1-Jul-25	15-Jun-26	\$615,750	\$31,084	\$646,834	\$1,269,001	\$622,167	196%	156%	\$2,276,929	352%	\$0	\$1,269,001	196%
1-Jul-26	15-Jun-27	\$635,750	\$31,706	\$667,456	\$1,294,744	\$627,288	194%	154%	\$2,322,830	348%	\$0	\$1,294,744	194%
1-Jul-27	15-Jun-28	\$648,750	\$32,340	\$681,090	\$1,321,001	\$639,911	194%	154%	\$2,369,649	348%	\$0	\$1,321,001	194%
1-Jul-28	15-Jun-29	\$660,000	\$32,987	\$692,987	\$1,347,784	\$654,797	194%	154%	\$2,417,405	349%	\$0	\$1,347,784	194%
1-Jul-29	15-Jun-30	\$679,500	\$33,647	\$713,147	\$1,375,102	\$661,956	193%	153%	\$2,466,116	346%	\$0	\$1,375,102	193%
1-Jul-30	15-Jun-31	\$696,750	\$34,320	\$731,070	\$1,402,967	\$671,897	192%	152%	\$2,515,801	344%	\$0	\$1,402,967	192%
1-Jul-31	15-Jun-32	\$711,750	\$35,006	\$746,756	\$1,431,389	\$684,633	192%	152%	\$2,566,479	344%	\$0	\$1,431,389	192%
1-Jul-32	15-Jun-33	\$724,500	\$35,706	\$760,206	\$1,460,380	\$700,173	192%	152%	\$2,618,172	344%	\$0	\$1,460,380	192%
Total		\$10,814,349	\$571,014	\$11,385,363	\$22,170,660	\$10,785,297			\$40,686,108		\$0	\$22,170,660	

MuniCap, Inc.

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<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule V-B.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap. Maximum Special Tax in the out years assume 2% annual growth rate.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule III-C: Projected Debt Service Coverage - Harborview Lot #2 (Scenario B)

Series 2015 Bonds					Tax Increment Revenue			Maximum Special Tax				Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax <sup>4</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Plus Tax Increment Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$20,000	\$20,000	\$1,120,321	\$1,100,321	N.A.	\$908,000	N.A.	\$2,028,321	N.A.	\$0	\$1,120,321	N.A.
1-Jul-15	15-Jun-16	\$560,280	\$20,400	\$580,680	\$1,148,331	\$567,651	198%	\$908,000	156%	\$2,056,331	354%	\$0	\$1,148,331	198%
1-Jul-16	15-Jun-17	\$561,600	\$20,808	\$582,408	\$1,214,546	\$632,138	209%	\$908,000	156%	\$2,122,546	364%	\$0	\$1,214,546	209%
1-Jul-17	15-Jun-18	\$560,000	\$21,224	\$581,224	\$1,281,296	\$700,072	220%	\$908,000	156%	\$2,189,296	377%	\$0	\$1,281,296	220%
1-Jul-18	15-Jun-19	\$558,000	\$21,649	\$579,649	\$1,346,864	\$767,216	232%	\$908,000	157%	\$2,254,864	389%	\$0	\$1,346,864	232%
1-Jul-19	15-Jun-20	\$557,500	\$22,082	\$579,582	\$1,413,901	\$834,319	244%	\$908,000	157%	\$2,321,901	401%	\$0	\$1,413,901	244%
1-Jul-20	15-Jun-21	\$561,250	\$22,523	\$583,773	\$1,457,165	\$873,392	250%	\$908,000	156%	\$2,365,165	405%	\$0	\$1,457,165	250%
1-Jul-21	15-Jun-22	\$559,000	\$22,974	\$581,974	\$1,509,339	\$927,365	259%	\$908,000	156%	\$2,417,339	415%	\$0	\$1,509,339	259%
1-Jul-22	15-Jun-23	\$561,000	\$23,433	\$584,433	\$1,563,457	\$979,024	268%	\$908,000	155%	\$2,471,457	423%	\$0	\$1,563,457	268%
1-Jul-23	15-Jun-24	\$562,000	\$23,902	\$585,902	\$1,619,594	\$1,033,692	276%	\$908,000	155%	\$2,527,594	431%	\$0	\$1,619,594	276%
1-Jul-24	15-Jun-25	\$562,000	\$24,380	\$586,380	\$1,664,757	\$1,078,377	284%	\$908,000	155%	\$2,572,757	439%	\$0	\$1,664,757	284%
1-Jul-25	15-Jun-26	\$561,000	\$24,867	\$585,867	\$1,698,568	\$1,112,700	290%	\$908,000	155%	\$2,606,568	445%	\$0	\$1,698,568	290%
1-Jul-26	15-Jun-27	\$559,000	\$25,365	\$584,365	\$1,733,055	\$1,148,690	297%	\$908,000	155%	\$2,641,055	452%	\$0	\$1,733,055	297%
1-Jul-27	15-Jun-28	\$561,000	\$25,872	\$586,872	\$1,768,231	\$1,181,359	301%	\$908,000	155%	\$2,676,231	456%	\$0	\$1,768,231	301%
1-Jul-28	15-Jun-29	\$556,750	\$26,390	\$583,140	\$1,804,111	\$1,220,972	309%	\$908,000	156%	\$2,712,111	465%	\$0	\$1,804,111	309%
1-Jul-29	15-Jun-30	\$556,500	\$26,917	\$583,417	\$1,840,709	\$1,257,291	316%	\$908,000	156%	\$2,748,709	471%	\$0	\$1,840,709	316%
1-Jul-30	15-Jun-31	\$0	\$0	\$0	\$1,878,038	\$1,878,038	N.A.	\$0	N.A.	\$1,878,038	N.A.	\$0	\$1,878,038	N.A.
1-Jul-31	15-Jun-32	\$0	\$0	\$0	\$1,916,115	\$1,916,115	N.A.	\$0	N.A.	\$1,916,115	N.A.	\$0	\$1,916,115	N.A.
1-Jul-32	15-Jun-33	\$0	\$0	\$0	\$1,954,952	\$1,954,952	N.A.	\$0	N.A.	\$1,954,952	N.A.	\$0	\$1,954,952	N.A.
Total		\$8,396,880	\$372,786	\$8,749,666	\$29,933,350	\$21,163,685		\$14,528,000		\$40,590,283		\$0	\$29,933,350	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule V-C.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule III-D: Projected Debt Service Coverage - Strathdale Manor (Scenario B)

Series 2015 Bonds					Tax Increment Revenue			Maximum Special Tax				Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax <sup>4</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Plus Tax Increment Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$20,000	\$20,000	\$693,030	\$673,030	N.A.	\$571,952	N.A.	\$1,264,982	N.A.	\$0	\$693,030	N.A.
1-Jul-15	15-Jun-16	\$439,547	\$20,400	\$459,947	\$691,378	\$231,431	150%	\$583,391	127%	\$1,274,769	277%	\$0	\$691,378	150%
1-Jul-16	15-Jun-17	\$448,050	\$20,808	\$468,858	\$709,050	\$240,192	151%	\$595,059	127%	\$1,304,109	278%	\$0	\$709,050	151%
1-Jul-17	15-Jun-18	\$460,050	\$21,224	\$481,274	\$716,641	\$235,367	149%	\$606,960	126%	\$1,323,601	275%	\$0	\$716,641	149%
1-Jul-18	15-Jun-19	\$466,250	\$21,649	\$487,899	\$725,445	\$237,546	149%	\$619,099	127%	\$1,344,544	276%	\$0	\$725,445	149%
1-Jul-19	15-Jun-20	\$479,500	\$22,082	\$501,582	\$734,314	\$232,733	146%	\$631,481	126%	\$1,365,796	272%	\$0	\$734,314	146%
1-Jul-20	15-Jun-21	\$491,500	\$22,523	\$514,023	\$743,248	\$229,225	145%	\$644,111	125%	\$1,387,359	270%	\$0	\$743,248	145%
1-Jul-21	15-Jun-22	\$497,250	\$22,974	\$520,224	\$758,113	\$237,890	146%	\$656,993	126%	\$1,415,106	272%	\$0	\$758,113	146%
1-Jul-22	15-Jun-23	\$512,000	\$23,433	\$535,433	\$773,276	\$237,842	144%	\$670,133	125%	\$1,443,408	270%	\$0	\$773,276	144%
1-Jul-23	15-Jun-24	\$520,250	\$23,902	\$544,152	\$788,741	\$244,589	145%	\$683,536	126%	\$1,472,277	271%	\$0	\$788,741	145%
1-Jul-24	15-Jun-25	\$532,250	\$24,380	\$556,630	\$804,516	\$247,886	145%	\$697,206	125%	\$1,501,722	270%	\$0	\$804,516	145%
1-Jul-25	15-Jun-26	\$542,750	\$24,867	\$567,617	\$820,606	\$252,989	145%	\$711,150	125%	\$1,531,757	270%	\$0	\$820,606	145%
1-Jul-26	15-Jun-27	\$556,750	\$25,365	\$582,115	\$837,018	\$254,904	144%	\$725,373	125%	\$1,562,392	268%	\$0	\$837,018	144%
1-Jul-27	15-Jun-28	\$569,000	\$25,872	\$594,872	\$853,759	\$258,887	144%	\$739,881	124%	\$1,593,640	268%	\$0	\$853,759	144%
1-Jul-28	15-Jun-29	\$579,500	\$26,390	\$605,890	\$870,834	\$264,944	144%	\$754,679	125%	\$1,625,512	268%	\$0	\$870,834	144%
1-Jul-29	15-Jun-30	\$593,250	\$26,917	\$620,167	\$888,251	\$268,083	143%	\$769,772	124%	\$1,658,023	267%	\$0	\$888,251	143%
1-Jul-30	15-Jun-31	\$0	\$0	\$0	\$906,016	\$906,016	N.A.	\$0	N.A.	\$906,016	N.A.	\$0	\$906,016	N.A.
1-Jul-31	15-Jun-32	\$0	\$0	\$0	\$924,136	\$924,136	N.A.	\$0	N.A.	\$924,136	N.A.	\$0	\$924,136	N.A.
1-Jul-32	15-Jun-33	\$0	\$0	\$0	\$942,619	\$942,619	N.A.	\$0	N.A.	\$942,619	N.A.	\$0	\$942,619	N.A.
Total		\$7,687,897	\$372,786	\$8,060,683	\$15,180,990	\$7,120,307		\$10,660,776		\$25,841,767		\$0	\$15,180,990	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule V-D.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap. Maximum Special Tax in the out years assume 2% annual growth rate.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule III-E: Projected Debt Service Coverage - North Locust Point (Scenario B)

Series 2015 Bonds					Tax Increment Revenue			Maximum Special Tax				Special Tax Requirement		
Fiscal Year Beginning	Bond Period Ending	Debt Service (Proposed Bonds) <sup>1</sup>	Estimated Expenses <sup>2</sup>	Total Debt Service & Expenses	Projected Tax Increment Revenues <sup>3</sup>	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax <sup>4</sup>	Debt Service Coverage	Maximum Special Tax Plus Tax Increment Revenues	Debt Service Coverage	Special Tax Requirement	Special Tax Plus Tax Increment Revenue	Debt Service Coverage
1-Jul-14	At Closing	\$0	\$15,000	\$15,000	\$1,211,392	\$1,196,392	N.A.	\$418,283	N.A.	\$1,629,675	N.A.	\$0	\$1,211,392	N.A.
1-Jul-15	15-Jun-16	\$221,323	\$15,300	\$236,623	\$1,270,101	\$1,033,478	537%	\$426,649	180%	\$1,696,750	717%	\$0	\$1,270,101	537%
1-Jul-16	15-Jun-17	\$222,900	\$15,606	\$238,506	\$1,284,441	\$1,045,935	539%	\$435,182	182%	\$1,719,623	721%	\$0	\$1,284,441	539%
1-Jul-17	15-Jun-18	\$223,300	\$15,918	\$239,218	\$1,294,249	\$1,055,030	541%	\$443,885	186%	\$1,738,134	727%	\$0	\$1,294,249	541%
1-Jul-18	15-Jun-19	\$223,500	\$16,236	\$239,736	\$1,356,690	\$1,116,953	566%	\$452,763	189%	\$1,809,453	755%	\$0	\$1,356,690	566%
1-Jul-19	15-Jun-20	\$222,250	\$16,561	\$238,811	\$1,421,421	\$1,182,610	595%	\$461,818	193%	\$1,883,239	789%	\$0	\$1,421,421	595%
1-Jul-20	15-Jun-21	\$220,750	\$16,892	\$237,642	\$1,488,504	\$1,250,862	626%	\$471,055	198%	\$1,959,559	825%	\$0	\$1,488,504	626%
1-Jul-21	15-Jun-22	\$224,000	\$17,230	\$241,230	\$1,558,005	\$1,316,775	646%	\$480,476	199%	\$2,038,481	845%	\$0	\$1,558,005	646%
1-Jul-22	15-Jun-23	\$221,750	\$17,575	\$239,325	\$1,629,989	\$1,390,664	681%	\$490,085	205%	\$2,120,074	886%	\$0	\$1,629,989	681%
1-Jul-23	15-Jun-24	\$224,250	\$17,926	\$242,176	\$1,781,890	\$1,539,714	736%	\$499,887	206%	\$2,281,777	942%	\$0	\$1,781,890	736%
1-Jul-24	15-Jun-25	\$221,250	\$18,285	\$239,535	\$1,821,317	\$1,581,782	760%	\$509,885	213%	\$2,331,201	973%	\$0	\$1,821,317	760%
1-Jul-25	15-Jun-26	\$223,000	\$18,651	\$241,651	\$1,861,532	\$1,619,881	770%	\$520,082	215%	\$2,381,614	986%	\$0	\$1,861,532	770%
1-Jul-26	15-Jun-27	\$224,250	\$19,024	\$243,274	\$1,902,551	\$1,659,277	782%	\$530,484	218%	\$2,433,035	1000%	\$0	\$1,902,551	782%
1-Jul-27	15-Jun-28	\$220,000	\$19,404	\$239,404	\$1,944,390	\$1,704,986	812%	\$541,094	226%	\$2,485,484	1038%	\$0	\$1,944,390	812%
1-Jul-28	15-Jun-29	\$220,500	\$19,792	\$240,292	\$1,987,067	\$1,746,775	827%	\$551,916	230%	\$2,538,982	1057%	\$0	\$1,987,067	827%
1-Jul-29	15-Jun-30	\$220,500	\$20,188	\$240,688	\$2,030,597	\$1,789,909	844%	\$562,954	234%	\$2,593,551	1078%	\$0	\$2,030,597	844%
1-Jul-30	15-Jun-31	\$0	\$0	\$0	\$2,074,998	\$2,074,998	N.A.	\$0	N.A.	\$2,074,998	N.A.	\$0	\$2,074,998	N.A.
1-Jul-31	15-Jun-32	\$0	\$0	\$0	\$2,120,286	\$2,120,286	N.A.	\$0	N.A.	\$2,120,286	N.A.	\$0	\$2,120,286	N.A.
1-Jul-32	15-Jun-33	\$0	\$0	\$0	\$2,166,481	\$2,166,481	N.A.	\$0	N.A.	\$2,166,481	N.A.	\$0	\$2,166,481	N.A.
Total		\$3,333,523	\$279,589	\$3,613,113	\$32,205,899	\$28,592,787		\$8,004,331		\$40,210,230		\$0	\$32,205,899	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Source: Stifel, Nicolaus, and Company. Represents principal and interest.

<sup>2</sup>Fiscal year beginning 7/1/14 projected administrative expenses based on Special Tax Report prepared by MuniCap. Administrative expenses in the out years assume 2% annual growth rate.

<sup>3</sup>See Schedule V-E.

<sup>4</sup>Fiscal year beginning 7/1/14 Maximum Special Tax based on Special Tax Report prepared by MuniCap. Maximum Special Tax in the out years assume 2% annual growth rate.

**PROJECTED TAX INCREMENT**  
**(Scenario A)**

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-A: Projection of Tax Increment Revenues - Aggregate (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>1</sup>	Incremental Value	City Tax Rate <sup>2</sup>	City Incremental Tax Revenues	Total Available Tax Credits <sup>1</sup>	Net City Incremental Tax Revenues	Collection Rate <sup>3</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$194,813,262	(\$6,175,800)	\$188,637,462	\$2.248	\$4,240,570	(\$448,613)	\$3,791,958	98.0%	\$3,716,118
1-Jul-15	15-Jun-16	100.0%	\$221,369,136	(\$10,591,700)	\$210,777,436	\$2.248	\$4,738,277	(\$726,471)	\$4,011,805	98.0%	\$3,931,569
1-Jul-16	15-Jun-17	100.0%	\$231,115,166	(\$10,591,700)	\$220,523,466	\$2.248	\$4,957,368	(\$736,707)	\$4,220,661	98.0%	\$4,136,248
1-Jul-17	15-Jun-18	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$767,834)	\$4,321,137	98.0%	\$4,234,714
1-Jul-18	15-Jun-19	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$650,650)	\$4,438,321	98.0%	\$4,349,554
1-Jul-19	15-Jun-20	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$530,754)	\$4,558,216	98.0%	\$4,467,052
1-Jul-20	15-Jun-21	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$440,283)	\$4,648,687	98.0%	\$4,555,714
1-Jul-21	15-Jun-22	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$389,330)	\$4,699,641	98.0%	\$4,605,648
1-Jul-22	15-Jun-23	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$355,299)	\$4,733,671	98.0%	\$4,638,998
1-Jul-23	15-Jun-24	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-24	15-Jun-25	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-25	15-Jun-26	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-26	15-Jun-27	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-27	15-Jun-28	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-28	15-Jun-29	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-29	15-Jun-30	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-30	15-Jun-31	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-31	15-Jun-32	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
1-Jul-32	15-Jun-33	100.0%	\$236,969,400	(\$10,591,700)	\$226,377,700	\$2.248	\$5,088,971	(\$253,209)	\$4,835,762	98.0%	\$4,739,047
Total							\$95,359,746	\$80,203,688	\$87,781,717		\$86,026,082

MuniCap, Inc.

03-Jun-15

<sup>1</sup>See Schedules V-B through V-E.

<sup>2</sup>Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>3</sup>Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-B.1: Projection of Tax Increment Revenues - Clipper Mill (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Targeted Homeowner's Tax Credit <sup>4</sup>	Historic Credit <sup>5</sup>	Homestead Credit <sup>6</sup>	New Construction Credit <sup>7</sup>	Total Credits	Net Incremental Tax Revenues	Collection Rate <sup>8</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$41,465,862	(\$823,200)	\$40,642,662	\$2.248	\$913,647	(\$36,275)	(\$102,902)	(\$36,837)	(\$32,148)	(\$208,162)	\$705,485	98.0%	\$691,375
1-Jul-15	15-Jun-16	100.0%	\$48,312,638	(\$823,200)	\$47,489,438	\$2.248	\$1,067,563	(\$46,622)	(\$86,477)	(\$70,216)	(\$25,718)	(\$229,033)	\$838,529	98.0%	\$821,759
1-Jul-16	15-Jun-17	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$51,284)	\$0	(\$117,365)	(\$19,289)	(\$187,938)	\$962,487	98.0%	\$943,238
1-Jul-17	15-Jun-18	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$55,946)	\$0	(\$91,460)	(\$12,859)	(\$160,265)	\$990,160	98.0%	\$970,357
1-Jul-18	15-Jun-19	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$60,608)	\$0	(\$64,519)	(\$6,430)	(\$131,557)	\$1,018,868	98.0%	\$998,491
1-Jul-19	15-Jun-20	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$65,271)	\$0	(\$36,500)	\$0	(\$101,770)	\$1,048,655	98.0%	\$1,027,682
1-Jul-20	15-Jun-21	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	(\$7,360)	\$0	(\$77,293)	\$1,073,132	98.0%	\$1,051,670
1-Jul-21	15-Jun-22	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-22	15-Jun-23	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-23	15-Jun-24	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-24	15-Jun-25	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-25	15-Jun-26	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-26	15-Jun-27	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-27	15-Jun-28	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-28	15-Jun-29	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-29	15-Jun-30	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-30	15-Jun-31	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-31	15-Jun-32	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
1-Jul-32	15-Jun-33	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$69,933)	\$0	\$0	\$0	(\$69,933)	\$1,080,493	98.0%	\$1,058,883
Total							\$21,538,439	(\$1,225,131)	(\$189,380)	(\$424,257)	(\$96,443)	(\$1,935,211)	\$19,603,227		\$19,211,163
MuniCap, Inc.															03-Jun-15

<sup>1</sup> Assessed values for fiscal year beginning 7/1/2014, 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor thereafter.

<sup>2</sup> Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup> Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup> See Schedule IV-B.2.

<sup>5</sup> See Schedule IV-B.3.

<sup>6</sup> See Schedule IV-B.4.

<sup>7</sup> All tax bill adjustments not attributable to the Targeted Homeowner's, Historic, or Homestead credits are assumed to be new construction credits. The credit is assumed to be in its initial year, decreasing by 20% in each subsequent year.

<sup>8</sup> Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.



**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-B.2: Projection of Targeted Homeowner Tax Credit - Clipper Mill (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improved For-Sale Residential Value <sup>1</sup>	Assumed Percentage Owner-Occupied <sup>2</sup>	Assumed Owner-Occupied Value <sup>2</sup>	Assumed Credited Tax Rate <sup>3</sup>	Assumed Targeted Homeowner's Tax Credit
1-Jul-14	At Closing	100.0%	\$25,233,200	80%	\$20,152,800	\$0.180	(\$36,275)
1-Jul-15	15-Jun-16	100.0%	\$27,424,600	85%	\$23,310,910	\$0.200	(\$46,622)
1-Jul-16	15-Jun-17	100.0%	\$27,424,600	85%	\$23,310,910	\$0.220	(\$51,284)
1-Jul-17	15-Jun-18	100.0%	\$27,424,600	85%	\$23,310,910	\$0.240	(\$55,946)
1-Jul-18	15-Jun-19	100.0%	\$27,424,600	85%	\$23,310,910	\$0.260	(\$60,608)
1-Jul-19	15-Jun-20	100.0%	\$27,424,600	85%	\$23,310,910	\$0.280	(\$65,271)
1-Jul-20	15-Jun-21	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-21	15-Jun-22	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-22	15-Jun-23	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-23	15-Jun-24	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-24	15-Jun-25	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-25	15-Jun-26	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-26	15-Jun-27	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-27	15-Jun-28	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-28	15-Jun-29	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-29	15-Jun-30	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-30	15-Jun-31	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-31	15-Jun-32	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
1-Jul-32	15-Jun-33	100.0%	\$27,424,600	85%	\$23,310,910	\$0.300	(\$69,933)
Total							(\$1,225,131)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014, 7/1/2015 and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup>Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 85% of total for-sale residential improvement value in subsequent years.

<sup>3</sup>The Targeted Homeowner Tax Credit Rate is set annually. Rate for fiscal year beginning 7/1/2014 is based on observed credit. Rate is assumed to increase by \$0.02 per year through fiscal year beginning 7/1/2020.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-B.3: Projection of Historic Restoration and Rehabilitation Credit - Clipper Mill (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improvements < \$3,500,000 <sup>1</sup>					Improvements > \$3,500,000 <sup>2</sup>					Total Exempted Value	Tax Rate	Assumed Historic Tax Credit
			Improvement Value <sup>3</sup>	Base Value <sup>3</sup>	Incremental Value	Percentage Exempted <sup>4</sup>	Exempted Value <sup>4</sup>	Improvement Value <sup>5</sup>	Base Value <sup>5</sup>	Incremental Value	Percentage Exempted <sup>4</sup>	Exempted Value <sup>4</sup>			
1-Jul-14	At Closing	100.0%	\$768,767	(\$15,262)	\$753,505	96%	\$727,112	\$10,011,800	(\$198,759)	\$9,813,041	39%	\$3,850,394	\$4,577,506	\$2.248	(\$102,902)
1-Jul-15	15-Jun-16	100.0%	\$798,333	(\$15,262)	\$783,071	100%	\$783,071	\$10,411,400	(\$198,759)	\$10,212,641	30%	\$3,063,792	\$3,846,863	\$2.248	(\$86,477)
1-Jul-16	15-Jun-17	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-17	15-Jun-18	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-18	15-Jun-19	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-19	15-Jun-20	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-20	15-Jun-21	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-21	15-Jun-22	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-22	15-Jun-23	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-23	15-Jun-24	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
Total															(\$189,380)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>The Historic Restoration and Rehabilitation Tax Credit offers a ten year abatement equal to 100% of improvement value for a period of ten years for improvements totaling less than \$3.5 million. Based on Department of Assessments and Taxation data, it is assumed that the final year of the ten year credit will be fiscal year beginning 7/1/2015.

<sup>1</sup>The Historic Restoration and Rehabilitation Tax Credit offers a ten year abatement equal to 80% of improvement value for a period of five years, decreasing by 10% percent to 30 % in Year Ten, for improvements totaling more than \$3.5 million. Based on Department of Assessments and Taxation data, it is assumed that the final year of the ten year credit will be fiscal year beginning 7/1/2015.

<sup>3</sup>Represents value for Parcel 13-04-3390B-89.

<sup>4</sup>Exemptions for fiscal year beginning 7/1/2014 based on actual exemptions as shown on tax bills. Exemptions in subsequent year calculated via percentage.

<sup>5</sup>Represents value for Parcel 13-04-3390B-90.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-B.4: Homestead Credit - Clipper Mill (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value Eligible for Homestead Credit <sup>1</sup>	Maximum Taxable Value Under Homestead Credit <sup>2</sup>	Abated Value	Tax Rate	Estimated Homestead Credit
1-Jul-14	At Closing	100.0%	\$15,718,096	\$14,079,448	\$1,638,648	\$2.248	(\$36,837)
1-Jul-15	15-Jun-16	100.0%	\$31,050,537	\$27,927,066	\$3,123,471	\$2.248	(\$70,216)
1-Jul-16	15-Jun-17	100.0%	\$34,029,900	\$28,809,027	\$5,220,873	\$2.248	(\$117,365)
1-Jul-17	15-Jun-18	100.0%	\$34,029,900	\$29,961,388	\$4,068,512	\$2.248	(\$91,460)
1-Jul-18	15-Jun-19	100.0%	\$34,029,900	\$31,159,843	\$2,870,057	\$2.248	(\$64,519)
1-Jul-19	15-Jun-20	100.0%	\$34,029,900	\$32,406,237	\$1,623,663	\$2.248	(\$36,500)
1-Jul-20	15-Jun-21	100.0%	\$34,029,900	\$33,702,487	\$327,413	\$2.248	(\$7,360)
1-Jul-21	15-Jun-22	100.0%	\$34,029,900	\$35,050,586	\$0	\$2.248	\$0
1-Jul-22	15-Jun-23	100.0%	\$34,029,900	\$36,452,609	\$0	\$2.248	\$0
1-Jul-23	15-Jun-24	100.0%	\$34,029,900	\$37,910,714	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	100.0%	\$34,029,900	\$39,427,142	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	100.0%	\$34,029,900	\$41,004,228	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	100.0%	\$34,029,900	\$42,644,397	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	100.0%	\$34,029,900	\$44,350,173	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	100.0%	\$34,029,900	\$46,124,180	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	100.0%	\$34,029,900	\$47,969,147	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	100.0%	\$34,029,900	\$49,887,913	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	100.0%	\$34,029,900	\$51,883,430	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	100.0%	\$34,029,900	\$53,958,767	\$0	\$2.248	\$0
Total							(\$424,257)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 , 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by SDAT for houses eligible to receive the Homestead Credit.

<sup>2</sup>The maximum taxable value for fiscal year beginning 7/1/2014 is based on actual Homestead Credits reflected on tax bills. Maximum taxable value in subsequent years is based on a 4% increase in taxable values from the preceding year for eligible parcels.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-C.1: Projection of Tax Increment Revenues - Harborview Lot #2 (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Targeted Homeowner's Tax Credit <sup>4</sup>	Homestead Credit <sup>5</sup>	New Construction Credit <sup>6</sup>	Total Credits	Net Incremental Tax Revenues	Rate <sup>7</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$60,239,200	(\$1,169,800)	\$59,069,400	\$2.248	\$1,327,880	(\$51,459)	(\$4,163)	(\$129,073)	(\$184,695)	\$1,143,185	98.0%	\$1,120,321
1-Jul-15	15-Jun-16	100.0%	\$63,080,298	(\$1,169,800)	\$61,910,498	\$2.248	\$1,391,748	(\$69,020)	(\$47,703)	(\$103,259)	(\$219,981)	\$1,171,766	98.0%	\$1,148,331
1-Jul-16	15-Jun-17	100.0%	\$67,244,599	(\$1,169,800)	\$66,074,799	\$2.248	\$1,485,361	(\$75,922)	(\$92,663)	(\$77,444)	(\$246,029)	\$1,239,333	98.0%	\$1,214,546
1-Jul-17	15-Jun-18	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$82,824)	(\$137,076)	(\$51,629)	(\$271,530)	\$1,307,445	98.0%	\$1,281,296
1-Jul-18	15-Jun-19	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$89,726)	(\$96,228)	(\$25,815)	(\$211,769)	\$1,367,206	98.0%	\$1,339,862
1-Jul-19	15-Jun-20	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$96,628)	(\$53,745)	\$0	(\$150,373)	\$1,428,602	98.0%	\$1,400,030
1-Jul-20	15-Jun-21	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	(\$9,563)	\$0	(\$113,094)	\$1,465,881	98.0%	\$1,436,564
1-Jul-21	15-Jun-22	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-22	15-Jun-23	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-23	15-Jun-24	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-24	15-Jun-25	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-25	15-Jun-26	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-26	15-Jun-27	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-27	15-Jun-28	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-28	15-Jun-29	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-29	15-Jun-30	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-30	15-Jun-31	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-31	15-Jun-32	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
1-Jul-32	15-Jun-33	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$103,531)	\$0	\$0	(\$103,531)	\$1,475,444	98.0%	\$1,445,936
Total							\$29,468,589	(\$1,811,477)	(\$441,140)	(\$387,220)	(\$2,639,837)	\$26,828,752		\$26,292,177
MuniCap, Inc.														03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 , 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor thereafter.

<sup>2</sup>Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup>Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup>See Schedule IV-C.2.

<sup>5</sup>See Schedule IV-C.3.

<sup>6</sup>All tax bill adjustments not attributable to the Targeted Homeowner's or Homestead Credits are assumed to be new construction credits. The credit is assumed to be in its initial year, decreasing by 20% in each subsequent year.

<sup>7</sup>Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-C.2: Projection of Targeted Homeowner Tax Credit - Harborview Lot #2 (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improved For-Sale Residential Value <sup>1</sup>	Assumed Percentage Owner-Occupied <sup>2</sup>	Assumed Owner-Occupied Value <sup>2</sup>	Assumed Credited Tax Rate <sup>3</sup>	Assumed Targeted Homeowner's Tax Credit
1-Jul-14	At Closing	100.0%	\$40,600,200	70%	\$28,588,100	\$0.180	(\$51,459)
1-Jul-15	15-Jun-16	100.0%	\$40,600,200	85%	\$34,510,170	\$0.200	(\$69,020)
1-Jul-16	15-Jun-17	100.0%	\$40,600,200	85%	\$34,510,170	\$0.220	(\$75,922)
1-Jul-17	15-Jun-18	100.0%	\$40,600,200	85%	\$34,510,170	\$0.240	(\$82,824)
1-Jul-18	15-Jun-19	100.0%	\$40,600,200	85%	\$34,510,170	\$0.260	(\$89,726)
1-Jul-19	15-Jun-20	100.0%	\$40,600,200	85%	\$34,510,170	\$0.280	(\$96,628)
1-Jul-20	15-Jun-21	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-21	15-Jun-22	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-22	15-Jun-23	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-23	15-Jun-24	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-24	15-Jun-25	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-25	15-Jun-26	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-26	15-Jun-27	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-27	15-Jun-28	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-28	15-Jun-29	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-29	15-Jun-30	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-30	15-Jun-31	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-31	15-Jun-32	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
1-Jul-32	15-Jun-33	100.0%	\$40,600,200	85%	\$34,510,170	\$0.300	(\$103,531)
Total							(\$1,811,477)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014, 7/1/2015 and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup>Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 85% of total for-sale residential improvement value in subsequent years.

<sup>3</sup>The Targeted Homeowner Tax Credit Rate is set annually. Rate for fiscal year beginning 7/1/2014 is based on observed credit. Rate is assumed to increase by \$0.02 per year through fiscal year beginning 7/1/2020.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-C.3: Homestead Credit - Harborview Lot#2 (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value Eligible for Homestead Credit <sup>1</sup>	Maximum Taxable Value Under Homestead Credit <sup>2</sup>	Abated Value	Assumed Credited Tax Rate	Estimated Homestead Credit
1-Jul-14	At Closing	100.0%	\$42,548,300	\$42,363,095	\$185,205	\$2.248	(\$4,163)
1-Jul-15	15-Jun-16	100.0%	\$44,996,834	\$42,874,832	\$2,122,002	\$2.248	(\$47,703)
1-Jul-16	15-Jun-17	100.0%	\$48,261,167	\$44,139,164	\$4,122,003	\$2.248	(\$92,663)
1-Jul-17	15-Jun-18	100.0%	\$51,525,500	\$45,427,801	\$6,097,699	\$2.248	(\$137,076)
1-Jul-18	15-Jun-19	100.0%	\$51,525,500	\$47,244,913	\$4,280,587	\$2.248	(\$96,228)
1-Jul-19	15-Jun-20	100.0%	\$51,525,500	\$49,134,710	\$2,390,790	\$2.248	(\$53,745)
1-Jul-20	15-Jun-21	100.0%	\$51,525,500	\$51,100,098	\$425,402	\$2.248	(\$9,563)
1-Jul-21	15-Jun-22	100.0%	\$51,525,500	\$53,144,102	\$0	\$2.248	\$0
1-Jul-22	15-Jun-23	100.0%	\$51,525,500	\$55,269,866	\$0	\$2.248	\$0
1-Jul-23	15-Jun-24	100.0%	\$51,525,500	\$57,480,661	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	100.0%	\$51,525,500	\$59,779,888	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	100.0%	\$51,525,500	\$62,171,083	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	100.0%	\$51,525,500	\$64,657,926	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	100.0%	\$51,525,500	\$67,244,243	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	100.0%	\$51,525,500	\$69,934,013	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	100.0%	\$51,525,500	\$72,731,374	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	100.0%	\$51,525,500	\$75,640,629	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	100.0%	\$51,525,500	\$78,666,254	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	100.0%	\$51,525,500	\$81,812,904	\$0	\$2.248	\$0
Total							(\$441,140)
<i>MuniCap, Inc.</i>							<i>03-Jun-15</i>

<sup>1</sup> Assessed values for fiscal year beginning 7/1/2014, 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by SDAT for houses eligible to receive the Homestead Credit.

<sup>2</sup> The maximum taxable value for fiscal year beginning 7/1/2014 is based on actual Homestead Credits reflected on tax bills. Maximum taxable value in subsequent years is based on a 4% increase in taxable values from the preceding year for eligible parcels.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-D.1: Projection of Tax Increment Revenues - Strathdale Manor (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Targeted Homeowner's Tax Credit <sup>4</sup>	Homestead Credit <sup>5</sup>	Total Credits	Net Incremental Tax Revenues	Collection Rate <sup>6</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$33,938,100	\$0	\$33,938,100	\$2.248	\$762,928	(\$46,241)	(\$9,514)	(\$55,755)	\$707,173	98.0%	\$693,030
1-Jul-15	15-Jun-16	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$53,164)	(\$8,015)	(\$61,179)	\$705,488	98.0%	\$691,378
1-Jul-16	15-Jun-17	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$58,480)	\$0	(\$58,480)	\$708,187	98.0%	\$694,023
1-Jul-17	15-Jun-18	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$63,796)	\$0	(\$63,796)	\$702,870	98.0%	\$688,813
1-Jul-18	15-Jun-19	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$69,113)	\$0	(\$69,113)	\$697,554	98.0%	\$683,603
1-Jul-19	15-Jun-20	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$74,429)	\$0	(\$74,429)	\$692,238	98.0%	\$678,393
1-Jul-20	15-Jun-21	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-21	15-Jun-22	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-22	15-Jun-23	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-23	15-Jun-24	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-24	15-Jun-25	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-25	15-Jun-26	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-26	15-Jun-27	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-27	15-Jun-28	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-28	15-Jun-29	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-29	15-Jun-30	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-30	15-Jun-31	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-31	15-Jun-32	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
1-Jul-32	15-Jun-33	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$79,746)	\$0	(\$79,746)	\$686,921	98.0%	\$673,183
Total							\$14,562,933	(\$1,401,916)	(\$17,529)	(\$1,419,445)	\$13,143,488		\$12,880,618

MuniCap, Inc.

03-Jun-15

<sup>1</sup> Assessed values for fiscal year beginning 7/1/2014 and 7/1/2015 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor

<sup>2</sup> Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup> Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup> See Schedule IV-D.2.

<sup>5</sup> See Schedule IV-D.3.

<sup>6</sup> Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-D.2: Projection of Targeted Homeowner Tax Credit - Strathdale Manor (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improved For-Sale Residential Value <sup>1</sup>	Assumed Percentage Owner- Occupied <sup>2</sup>	Assumed Owner- Occupied Value <sup>2</sup>	Assumed Credited Tax Rate <sup>3</sup>	Assumed Targeted Homeowner's Tax Credit
1-Jul-14	At Closing	100.0%	\$27,980,900	92%	\$25,689,517	\$0.180	(\$46,241)
1-Jul-15	15-Jun-16	100.0%	\$27,980,900	95%	\$26,581,855	\$0.200	(\$53,164)
1-Jul-16	15-Jun-17	100.0%	\$27,980,900	95%	\$26,581,855	\$0.220	(\$58,480)
1-Jul-17	15-Jun-18	100.0%	\$27,980,900	95%	\$26,581,855	\$0.240	(\$63,796)
1-Jul-18	15-Jun-19	100.0%	\$27,980,900	95%	\$26,581,855	\$0.260	(\$69,113)
1-Jul-19	15-Jun-20	100.0%	\$27,980,900	95%	\$26,581,855	\$0.280	(\$74,429)
1-Jul-20	15-Jun-21	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-21	15-Jun-22	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-22	15-Jun-23	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-23	15-Jun-24	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-24	15-Jun-25	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-25	15-Jun-26	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-26	15-Jun-27	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-27	15-Jun-28	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-28	15-Jun-29	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-29	15-Jun-30	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-30	15-Jun-31	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-31	15-Jun-32	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
1-Jul-32	15-Jun-33	100.0%	\$27,980,900	95%	\$26,581,855	\$0.300	(\$79,746)
Total							(\$1,401,916)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 and 7/1/2015 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup>Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 95% of total for-sale residential improvement value in subsequent years.

<sup>3</sup>The Targeted Homeowner Tax Credit Rate is set annually. Rate for fiscal year beginning 7/1/2014 is based on observed credit. Rate is assumed to increase by \$0.02 per year through fiscal year beginning 7/1/2020.



***APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule IV-D.3: Homestead Credit - Strathdale Manor (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value Eligible for Homestead Credit <sup>1</sup>	Maximum Taxable Value Under Homestead Credit <sup>2</sup>	Abated Value	Assumed Credited Tax Rate	Estimated Homestead Credit
1-Jul-14	At Closing	100.0%	\$30,620,200	\$30,196,964	\$423,236	\$2.248	(\$9,514)
1-Jul-15	15-Jun-16	100.0%	\$30,786,500	\$30,429,962	\$356,538	\$2.248	(\$8,015)
1-Jul-16	15-Jun-17	100.0%	\$30,786,500	\$31,647,160	\$0	\$2.248	\$0
1-Jul-17	15-Jun-18	100.0%	\$30,786,500	\$32,913,046	\$0	\$2.248	\$0
1-Jul-18	15-Jun-19	100.0%	\$30,786,500	\$34,229,568	\$0	\$2.248	\$0
1-Jul-19	15-Jun-20	100.0%	\$30,786,500	\$35,598,751	\$0	\$2.248	\$0
1-Jul-20	15-Jun-21	100.0%	\$30,786,500	\$37,022,701	\$0	\$2.248	\$0
1-Jul-21	15-Jun-22	100.0%	\$30,786,500	\$38,503,609	\$0	\$2.248	\$0
1-Jul-22	15-Jun-23	100.0%	\$30,786,500	\$40,043,753	\$0	\$2.248	\$0
1-Jul-23	15-Jun-24	100.0%	\$30,786,500	\$41,645,504	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	100.0%	\$30,786,500	\$43,311,324	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	100.0%	\$30,786,500	\$45,043,777	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	100.0%	\$30,786,500	\$46,845,528	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	100.0%	\$30,786,500	\$48,719,349	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	100.0%	\$30,786,500	\$50,668,123	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	100.0%	\$30,786,500	\$52,694,848	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	100.0%	\$30,786,500	\$54,802,642	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	100.0%	\$30,786,500	\$56,994,747	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	100.0%	\$30,786,500	\$59,274,537	\$0	\$2.248	\$0
<b>Total</b>							<b>(\$17,529)</b>
<i>MuniCap, Inc.</i>							<i>03-Jun-15</i>

<sup>1</sup> Assessed values for fiscal year beginning 7/1/2014 and 7/1/2015 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup> Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 95% of total for-sale residential improvement value in subsequent years.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-E: Projection of Tax Increment Revenues - North Locust Point (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Enterprise Zone Tax Credit <sup>4</sup>	Net City Incremental Tax Revenues	Collection Rate <sup>5</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$59,170,100	(\$4,182,800)	\$54,987,300	\$2.248	\$1,236,115	\$0	\$1,236,115	98.0%	\$1,211,392
1-Jul-15	15-Jun-16	100.0%	\$75,871,800	(\$8,598,700)	\$67,273,100	\$2.248	\$1,512,299	(\$216,278)	\$1,296,021	98.0%	\$1,270,101
1-Jul-16	15-Jun-17	100.0%	\$77,767,467	(\$8,598,700)	\$69,168,767	\$2.248	\$1,554,914	(\$244,260)	\$1,310,654	98.0%	\$1,284,441
1-Jul-17	15-Jun-18	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	(\$272,242)	\$1,320,662	98.0%	\$1,294,249
1-Jul-18	15-Jun-19	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	(\$238,212)	\$1,354,692	98.0%	\$1,327,598
1-Jul-19	15-Jun-20	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	(\$204,181)	\$1,388,722	98.0%	\$1,360,948
1-Jul-20	15-Jun-21	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	(\$170,151)	\$1,422,752	98.0%	\$1,394,297
1-Jul-21	15-Jun-22	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	(\$136,121)	\$1,456,783	98.0%	\$1,427,647
1-Jul-22	15-Jun-23	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	(\$102,091)	\$1,490,813	98.0%	\$1,460,997
1-Jul-23	15-Jun-24	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-24	15-Jun-25	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-25	15-Jun-26	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-26	15-Jun-27	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-27	15-Jun-28	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-28	15-Jun-29	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-29	15-Jun-30	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-30	15-Jun-31	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-31	15-Jun-32	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
1-Jul-32	15-Jun-33	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	\$0	\$1,592,904	98.0%	\$1,561,046
Total							\$29,789,785	(\$1,583,535)	\$28,206,250		\$27,642,125
MuniCap, Inc.											03-Jun-15

<sup>1</sup> Assessed values for fiscal year beginning 7/1/2014, 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor thereafter.

<sup>2</sup> Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup> Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup> See Schedule IV-E.2.

<sup>5</sup> Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule IV-E.2: Enterprise Zone Credit - North Locust Point (Scenario A)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Enterprise Zone Credit <sup>1</sup>					Total Exempted Value	Tax Rate	Assumed Enterprise Zone Credit
			Value Subject to Enterprise Zone Credit <sup>2</sup>	Base Value <sup>3</sup>	Incremental Value	Percentage Exempted <sup>4</sup>	Exempted Value <sup>4</sup>			
1-Jul-14	At Closing	100.0%	\$0	\$0	\$0	0%	\$0	\$0	\$2.248	\$0
1-Jul-15	15-Jun-16	100.0%	\$16,075,433	(\$4,049,300)	\$12,026,133	80%	\$9,620,906	\$9,620,906	\$2.248	(\$216,278)
1-Jul-16	15-Jun-17	100.0%	\$17,631,367	(\$4,049,300)	\$13,582,067	80%	\$10,865,653	\$10,865,653	\$2.248	(\$244,260)
1-Jul-17	15-Jun-18	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	80%	\$12,110,400	\$12,110,400	\$2.248	(\$272,242)
1-Jul-18	15-Jun-19	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	70%	\$10,596,600	\$10,596,600	\$2.248	(\$238,212)
1-Jul-19	15-Jun-20	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	60%	\$9,082,800	\$9,082,800	\$2.248	(\$204,181)
1-Jul-20	15-Jun-21	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	50%	\$7,569,000	\$7,569,000	\$2.248	(\$170,151)
1-Jul-21	15-Jun-22	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	40%	\$6,055,200	\$6,055,200	\$2.248	(\$136,121)
1-Jul-22	15-Jun-23	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	30%	\$4,541,400	\$4,541,400	\$2.248	(\$102,091)
1-Jul-23	15-Jun-24	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	0%	\$0	\$0	\$2.248	\$0
Total										(\$1,583,535)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>The Enterprise Zone Credit offers a ten year abatement equal to 80% of improvement value for a period of five years, decreasing by 10% percent to 30 % in Year Ten. Based on City of Baltimore data, it is assumed that the final year of the ten year credit will be fiscal year beginning 7/1/2022.

<sup>3</sup>Represents value for Parcel 24-12-1987B-006. Parcel began receiving credit in Fiscal Year Beginning 7/1/2013, but tax increment from the parcel is only included herein from fiscal year beginning

<sup>4</sup>Exemptions for fiscal year beginning 7/1/2015 based on parcel receiving the Enterprise Zone Credit for the third year.

**PROJECTED TAX INCREMENT**  
**(Scenario B)**

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

**Schedule V-A: Projection of Tax Increment Revenues - Aggregate (Scenario B)**

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>1</sup>	Incremental Value	City Tax Rate <sup>2</sup>	City Incremental Tax Revenues	Total Available Tax Credits <sup>1</sup>	Net City Incremental Tax Revenues	Collection Rate <sup>3</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$194,813,262	(\$6,175,800)	\$188,637,462	\$2.248	\$4,240,570	(\$448,613)	\$3,791,958	98.0%	\$3,716,118
1-Jul-15	15-Jun-16	100.0%	\$221,369,136	(\$10,591,700)	\$210,777,436	\$2.248	\$4,738,277	(\$726,471)	\$4,011,805	98.0%	\$3,931,569
1-Jul-16	15-Jun-17	102.0%	\$231,797,254	(\$10,591,700)	\$221,205,554	\$2.248	\$4,972,701	(\$736,707)	\$4,235,994	98.0%	\$4,151,274
1-Jul-17	15-Jun-18	104.0%	\$239,387,192	(\$10,591,700)	\$228,795,492	\$2.248	\$5,143,323	(\$786,830)	\$4,356,493	98.0%	\$4,269,363
1-Jul-18	15-Jun-19	106.1%	\$244,174,936	(\$10,591,700)	\$233,583,236	\$2.248	\$5,250,951	(\$719,233)	\$4,531,718	98.0%	\$4,441,083
1-Jul-19	15-Jun-20	108.2%	\$249,058,434	(\$10,591,700)	\$238,466,734	\$2.248	\$5,360,732	(\$648,863)	\$4,711,869	98.0%	\$4,617,632
1-Jul-20	15-Jun-21	110.4%	\$254,039,603	(\$10,591,700)	\$243,447,903	\$2.248	\$5,472,709	(\$607,842)	\$4,864,867	98.0%	\$4,767,570
1-Jul-21	15-Jun-22	112.6%	\$259,120,395	(\$10,591,700)	\$248,528,695	\$2.248	\$5,586,925	(\$545,196)	\$5,041,729	98.0%	\$4,940,894
1-Jul-22	15-Jun-23	114.9%	\$264,302,803	(\$10,591,700)	\$253,711,103	\$2.248	\$5,703,426	(\$478,656)	\$5,224,769	98.0%	\$5,120,274
1-Jul-23	15-Jun-24	117.2%	\$269,588,859	(\$10,591,700)	\$258,997,159	\$2.248	\$5,822,256	(\$329,121)	\$5,493,135	98.0%	\$5,383,272
1-Jul-24	15-Jun-25	119.5%	\$274,980,636	(\$10,591,700)	\$264,388,936	\$2.248	\$5,943,463	(\$306,153)	\$5,637,311	98.0%	\$5,524,564
1-Jul-25	15-Jun-26	121.9%	\$280,480,249	(\$10,591,700)	\$269,888,549	\$2.248	\$6,067,095	(\$302,088)	\$5,765,007	98.0%	\$5,649,706
1-Jul-26	15-Jun-27	124.3%	\$286,089,854	(\$10,591,700)	\$275,498,154	\$2.248	\$6,193,198	(\$308,130)	\$5,885,069	98.0%	\$5,767,367
1-Jul-27	15-Jun-28	126.8%	\$291,811,651	(\$10,591,700)	\$281,219,951	\$2.248	\$6,321,824	(\$314,292)	\$6,007,532	98.0%	\$5,887,382
1-Jul-28	15-Jun-29	129.4%	\$297,647,884	(\$10,591,700)	\$287,056,184	\$2.248	\$6,453,023	(\$320,578)	\$6,132,445	98.0%	\$6,009,796
1-Jul-29	15-Jun-30	131.9%	\$303,600,842	(\$10,591,700)	\$293,009,142	\$2.248	\$6,586,846	(\$326,990)	\$6,259,856	98.0%	\$6,134,659
1-Jul-30	15-Jun-31	134.6%	\$309,672,859	(\$10,591,700)	\$299,081,159	\$2.248	\$6,723,344	(\$333,530)	\$6,389,815	98.0%	\$6,262,019
1-Jul-31	15-Jun-32	137.3%	\$315,866,316	(\$10,591,700)	\$305,274,616	\$2.248	\$6,862,573	(\$340,200)	\$6,522,373	98.0%	\$6,391,926
1-Jul-32	15-Jun-33	140.0%	\$322,183,642	(\$10,591,700)	\$311,591,942	\$2.248	\$7,004,587	(\$347,004)	\$6,657,583	98.0%	\$6,524,431
Total							\$110,447,823	(\$8,926,497)			\$99,490,900

MuniCap, Inc.

03-Jun-15

<sup>1</sup>See Schedules V-B through V-E.

<sup>2</sup>Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>3</sup>Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

**Schedule V-B.1: Projection of Tax Increment Revenues - Clipper Mill (Scenario B)**

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Targeted Homeowner's Tax Credit <sup>4</sup>	Historic Credit <sup>5</sup>	Homestead Credit <sup>6</sup>	New Construction Credit <sup>7</sup>	Total Credits	Net Incremental Tax Revenues	Collection Rate <sup>8</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$41,465,862	(\$823,200)	\$40,642,662	\$2.248	\$913,647	(\$36,275)	(\$102,902)	(\$36,837)	(\$32,148)	(\$208,162)	\$705,485	98.0%	\$691,375
1-Jul-15	15-Jun-16	100.0%	\$48,312,638	(\$823,200)	\$47,489,438	\$2.248	\$1,067,563	(\$46,622)	(\$86,477)	(\$70,216)	(\$25,718)	(\$229,033)	\$838,529	98.0%	\$821,759
1-Jul-16	15-Jun-17	100.0%	\$51,998,700	(\$823,200)	\$51,175,500	\$2.248	\$1,150,425	(\$51,284)	\$0	(\$117,365)	(\$19,289)	(\$187,938)	\$962,487	98.0%	\$943,238
1-Jul-17	15-Jun-18	102.0%	\$53,038,674	(\$823,200)	\$52,215,474	\$2.248	\$1,173,804	(\$57,065)	\$0	(\$106,760)	(\$12,859)	(\$176,684)	\$997,120	98.0%	\$977,177
1-Jul-18	15-Jun-19	104.0%	\$54,099,447	(\$823,200)	\$53,276,247	\$2.248	\$1,197,650	(\$63,057)	\$0	(\$95,425)	(\$6,430)	(\$164,911)	\$1,032,739	98.0%	\$1,012,084
1-Jul-19	15-Jun-20	106.1%	\$55,181,436	(\$823,200)	\$54,358,236	\$2.248	\$1,221,973	(\$69,266)	\$0	(\$83,324)	\$0	(\$152,589)	\$1,069,384	98.0%	\$1,047,996
1-Jul-20	15-Jun-21	108.2%	\$56,285,065	(\$823,200)	\$55,461,865	\$2.248	\$1,246,783	(\$75,697)	\$0	(\$70,420)	\$0	(\$146,118)	\$1,100,665	98.0%	\$1,078,652
1-Jul-21	15-Jun-22	110.4%	\$57,410,766	(\$823,200)	\$56,587,566	\$2.248	\$1,272,088	(\$77,211)	\$0	(\$56,676)	\$0	(\$133,887)	\$1,138,201	98.0%	\$1,115,437
1-Jul-22	15-Jun-23	112.6%	\$58,558,982	(\$823,200)	\$57,735,782	\$2.248	\$1,297,900	(\$78,756)	\$0	(\$42,051)	\$0	(\$120,806)	\$1,177,094	98.0%	\$1,153,552
1-Jul-23	15-Jun-24	114.9%	\$59,730,161	(\$823,200)	\$58,906,961	\$2.248	\$1,324,228	(\$80,331)	\$0	(\$26,503)	\$0	(\$106,833)	\$1,217,395	98.0%	\$1,193,047
1-Jul-24	15-Jun-25	117.2%	\$60,924,765	(\$823,200)	\$60,101,565	\$2.248	\$1,351,083	(\$81,937)	\$0	(\$9,988)	\$0	(\$91,925)	\$1,259,158	98.0%	\$1,233,975
1-Jul-25	15-Jun-26	119.5%	\$62,143,260	(\$823,200)	\$61,320,060	\$2.248	\$1,378,475	(\$83,576)	\$0	\$0	\$0	(\$83,576)	\$1,294,899	98.0%	\$1,269,001
1-Jul-26	15-Jun-27	121.9%	\$63,386,125	(\$823,200)	\$62,562,925	\$2.248	\$1,406,415	(\$85,248)	\$0	\$0	\$0	(\$85,248)	\$1,321,167	98.0%	\$1,294,744
1-Jul-27	15-Jun-28	124.3%	\$64,653,848	(\$823,200)	\$63,830,648	\$2.248	\$1,434,913	(\$86,953)	\$0	\$0	\$0	(\$86,953)	\$1,347,960	98.0%	\$1,321,001
1-Jul-28	15-Jun-29	126.8%	\$65,946,925	(\$823,200)	\$65,123,725	\$2.248	\$1,463,981	(\$88,692)	\$0	\$0	\$0	(\$88,692)	\$1,375,290	98.0%	\$1,347,784
1-Jul-29	15-Jun-30	129.4%	\$67,265,863	(\$823,200)	\$66,442,663	\$2.248	\$1,493,631	(\$90,465)	\$0	\$0	\$0	(\$90,465)	\$1,403,166	98.0%	\$1,375,102
1-Jul-30	15-Jun-31	131.9%	\$68,611,180	(\$823,200)	\$67,787,980	\$2.248	\$1,523,874	(\$92,275)	\$0	\$0	\$0	(\$92,275)	\$1,431,599	98.0%	\$1,402,967
1-Jul-31	15-Jun-32	134.6%	\$69,983,404	(\$823,200)	\$69,160,204	\$2.248	\$1,554,721	(\$94,120)	\$0	\$0	\$0	(\$94,120)	\$1,460,601	98.0%	\$1,431,389
1-Jul-32	15-Jun-33	137.3%	\$71,383,072	(\$823,200)	\$70,559,872	\$2.248	\$1,586,186	(\$96,003)	\$0	\$0	\$0	(\$96,003)	\$1,490,183	98.0%	\$1,460,380
Total							\$25,059,341	(\$1,434,832)	(\$189,380)	(\$715,563)	(\$96,443)	(\$2,436,218)	\$22,623,123		\$22,170,660

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<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014, 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor thereafter.

<sup>2</sup>Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup>Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup>See Schedule V-B.2.

<sup>5</sup>See Schedule V-B.3.

<sup>6</sup>See Schedule V-B.4.

<sup>7</sup>All tax bill adjustments not attributable to the Targeted Homeowner's, Historic, or Homestead credits are assumed to be new construction credits. The credit is assumed to be in its initial year, decreasing by 20% in each subsequent year.

<sup>8</sup>Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-B.2: Projection of Targeted Homeowner Tax Credit - Clipper Mill (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improved For-Sale Residential Value <sup>1</sup>	Assumed Percentage Owner-Occupied <sup>2</sup>	Assumed Owner-Occupied Value <sup>2</sup>	Assumed Credited Tax Rate <sup>3</sup>	Assumed Targeted Homeowner's Tax Credit
1-Jul-14	At Closing	100.0%	\$25,233,200	80%	\$20,152,800	\$0.180	(\$36,275)
1-Jul-15	15-Jun-16	100.0%	\$27,424,600	85%	\$23,310,910	\$0.200	(\$46,622)
1-Jul-16	15-Jun-17	100.0%	\$27,424,600	85%	\$23,310,910	\$0.220	(\$51,284)
1-Jul-17	15-Jun-18	102.0%	\$27,973,092	85%	\$23,777,128	\$0.240	(\$57,065)
1-Jul-18	15-Jun-19	104.0%	\$28,532,554	85%	\$24,252,671	\$0.260	(\$63,057)
1-Jul-19	15-Jun-20	106.1%	\$29,103,205	85%	\$24,737,724	\$0.280	(\$69,266)
1-Jul-20	15-Jun-21	108.2%	\$29,685,269	85%	\$25,232,479	\$0.300	(\$75,697)
1-Jul-21	15-Jun-22	110.4%	\$30,278,974	85%	\$25,737,128	\$0.300	(\$77,211)
1-Jul-22	15-Jun-23	112.6%	\$30,884,554	85%	\$26,251,871	\$0.300	(\$78,756)
1-Jul-23	15-Jun-24	114.9%	\$31,502,245	85%	\$26,776,908	\$0.300	(\$80,331)
1-Jul-24	15-Jun-25	117.2%	\$32,132,290	85%	\$27,312,446	\$0.300	(\$81,937)
1-Jul-25	15-Jun-26	119.5%	\$32,774,936	85%	\$27,858,695	\$0.300	(\$83,576)
1-Jul-26	15-Jun-27	121.9%	\$33,430,434	85%	\$28,415,869	\$0.300	(\$85,248)
1-Jul-27	15-Jun-28	124.3%	\$34,099,043	85%	\$28,984,187	\$0.300	(\$86,953)
1-Jul-28	15-Jun-29	126.8%	\$34,781,024	85%	\$29,563,870	\$0.300	(\$88,692)
1-Jul-29	15-Jun-30	129.4%	\$35,476,644	85%	\$30,155,148	\$0.300	(\$90,465)
1-Jul-30	15-Jun-31	131.9%	\$36,186,177	85%	\$30,758,251	\$0.300	(\$92,275)
1-Jul-31	15-Jun-32	134.6%	\$36,909,901	85%	\$31,373,416	\$0.300	(\$94,120)
1-Jul-32	15-Jun-33	137.3%	\$37,648,099	85%	\$32,000,884	\$0.300	(\$96,003)
Total							(\$1,434,832)

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<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014, 7/1/2015 and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup>Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 85% of total for-sale residential improvement value in subsequent years.

<sup>3</sup>The Targeted Homeowner Tax Credit Rate is set annually. Rate for fiscal year beginning 7/1/2014 is based on observed credit. Rate is assumed to increase by \$0.02 per year through fiscal year beginning 7/1/2020.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-B.3: Projection of Historic Restoration and Rehabilitation Credit - Clipper Mill (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improvements < \$3,500,000 <sup>1</sup>					Improvements > \$3,500,000 <sup>2</sup>					Total Exempted Value	Tax Rate	Assumed Historic Tax Credit
			Improvement Value <sup>3</sup>	Base Value <sup>3</sup>	Incremental Value	Percentage Exempted <sup>4</sup>	Exempted Value <sup>4</sup>	Improvement Value <sup>5</sup>	Base Value <sup>5</sup>	Incremental Value	Percentage Exempted <sup>4</sup>	Exempted Value <sup>4</sup>			
1-Jul-14	At Closing	100.0%	\$768,767	(\$15,262)	\$753,505	96%	\$727,112	\$10,011,800	(\$198,759)	\$9,813,041	39%	\$3,850,394	\$4,577,506	\$2.248	(\$102,902)
1-Jul-15	15-Jun-16	100.0%	\$798,333	(\$15,262)	\$783,071	100%	\$783,071	\$10,411,400	(\$198,759)	\$10,212,641	30%	\$3,063,792	\$3,846,863	\$2.248	(\$86,477)
1-Jul-16	15-Jun-17	100.0%	\$827,900	(\$15,262)	\$812,638	0%	\$0	\$10,811,000	(\$198,759)	\$10,612,241	0%	\$0	\$0	\$2.248	\$0
1-Jul-17	15-Jun-18	102.0%	\$844,458	(\$15,262)	\$829,196	0%	\$0	\$11,027,220	(\$198,759)	\$10,828,461	0%	\$0	\$0	\$2.248	\$0
1-Jul-18	15-Jun-19	104.0%	\$861,347	(\$15,262)	\$846,085	0%	\$0	\$11,247,764	(\$198,759)	\$11,049,005	0%	\$0	\$0	\$2.248	\$0
1-Jul-19	15-Jun-20	106.1%	\$878,574	(\$15,262)	\$863,312	0%	\$0	\$11,472,720	(\$198,759)	\$11,273,961	0%	\$0	\$0	\$2.248	\$0
1-Jul-20	15-Jun-21	108.2%	\$896,146	(\$15,262)	\$880,884	0%	\$0	\$11,702,174	(\$198,759)	\$11,503,415	0%	\$0	\$0	\$2.248	\$0
1-Jul-21	15-Jun-22	110.4%	\$914,068	(\$15,262)	\$898,806	0%	\$0	\$11,936,218	(\$198,759)	\$11,737,459	0%	\$0	\$0	\$2.248	\$0
1-Jul-22	15-Jun-23	112.6%	\$932,350	(\$15,262)	\$917,088	0%	\$0	\$12,174,942	(\$198,759)	\$11,976,183	0%	\$0	\$0	\$2.248	\$0
1-Jul-23	15-Jun-24	114.9%	\$950,997	(\$15,262)	\$935,735	0%	\$0	\$12,418,441	(\$198,759)	\$12,219,682	0%	\$0	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	117.2%	\$970,017	(\$15,262)	\$954,755	0%	\$0	\$12,666,810	(\$198,759)	\$12,468,051	0%	\$0	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	119.5%	\$989,417	(\$15,262)	\$974,155	0%	\$0	\$12,920,146	(\$198,759)	\$12,721,387	0%	\$0	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	121.9%	\$1,009,205	(\$15,262)	\$993,943	0%	\$0	\$13,178,549	(\$198,759)	\$12,979,790	0%	\$0	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	124.3%	\$1,029,390	(\$15,262)	\$1,014,128	0%	\$0	\$13,442,120	(\$198,759)	\$13,243,361	0%	\$0	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	126.8%	\$1,049,977	(\$15,262)	\$1,034,715	0%	\$0	\$13,710,962	(\$198,759)	\$13,512,203	0%	\$0	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	129.4%	\$1,070,977	(\$15,262)	\$1,055,715	0%	\$0	\$13,985,181	(\$198,759)	\$13,786,422	0%	\$0	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	131.9%	\$1,092,396	(\$15,262)	\$1,077,134	0%	\$0	\$14,264,885	(\$198,759)	\$14,066,126	0%	\$0	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	134.6%	\$1,114,244	(\$15,262)	\$1,098,982	0%	\$0	\$14,550,183	(\$198,759)	\$14,351,424	0%	\$0	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	137.3%	\$1,136,529	(\$15,262)	\$1,121,267	0%	\$0	\$14,841,186	(\$198,759)	\$14,642,427	0%	\$0	\$0	\$2.248	\$0
<b>Total</b>															<b>(\$189,380)</b>

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<sup>1</sup>The Historic Restoration and Rehabilitation Tax Credit offers a ten year abatement equal to 100% of improvement value for a period of ten years for improvements totaling less than \$3.5 million. Based on Department of Assessments and Taxation data, it is assumed that the final year of the ten year credit will be fiscal year beginning 7/1/2015.

<sup>1</sup>The Historic Restoration and Rehabilitation Tax Credit offers a ten year abatement equal to 80% of improvement value for a period of five years, decreasing by 10% percent to 30 % in Year Ten, for improvements totaling more than \$3.5 million. Based on Department of Assessments and Taxation data, it is assumed that the final year of the ten year credit will be fiscal year beginning 7/1/2015.

<sup>3</sup>Represents value for Parcel 13-04-3390B-89.

<sup>4</sup>Exemptions for fiscal year beginning 7/1/2014 based on actual exemptions as shown on tax bills. Exemptions in subsequent year calculated via percentage.

<sup>5</sup>Represents value for Parcel 13-04-3390B-90.



***APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

**Schedule V-B.4: Homestead Credit - Clipper Mill (Scenario B)**

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value Eligible for Homestead Credit <sup>1</sup>	Maximum Taxable Value Under Homestead Credit <sup>2</sup>	Abated Value	Tax Rate	Estimated Homestead Credit
1-Jul-14	At Closing	100.0%	\$15,718,096	\$14,079,448	\$1,638,648	\$2.248	(\$36,837)
1-Jul-15	15-Jun-16	100.0%	\$31,050,537	\$27,927,066	\$3,123,471	\$2.248	(\$70,216)
1-Jul-16	15-Jun-17	100.0%	\$34,029,900	\$28,809,027	\$5,220,873	\$2.248	(\$117,365)
1-Jul-17	15-Jun-18	102.0%	\$34,710,498	\$29,961,388	\$4,749,110	\$2.248	(\$106,760)
1-Jul-18	15-Jun-19	104.0%	\$35,404,708	\$31,159,843	\$4,244,865	\$2.248	(\$95,425)
1-Jul-19	15-Jun-20	106.1%	\$36,112,802	\$32,406,237	\$3,706,565	\$2.248	(\$83,324)
1-Jul-20	15-Jun-21	108.2%	\$36,835,058	\$33,702,487	\$3,132,572	\$2.248	(\$70,420)
1-Jul-21	15-Jun-22	110.4%	\$37,571,759	\$35,050,586	\$2,521,173	\$2.248	(\$56,676)
1-Jul-22	15-Jun-23	112.6%	\$38,323,195	\$36,452,609	\$1,870,585	\$2.248	(\$42,051)
1-Jul-23	15-Jun-24	114.9%	\$39,089,658	\$37,910,714	\$1,178,945	\$2.248	(\$26,503)
1-Jul-24	15-Jun-25	117.2%	\$39,871,452	\$39,427,142	\$444,309	\$2.248	(\$9,988)
1-Jul-25	15-Jun-26	119.5%	\$40,668,881	\$41,004,228	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	121.9%	\$41,482,258	\$42,644,397	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	124.3%	\$42,311,903	\$44,350,173	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	126.8%	\$43,158,141	\$46,124,180	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	129.4%	\$44,021,304	\$47,969,147	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	131.9%	\$44,901,730	\$49,887,913	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	134.6%	\$45,799,765	\$51,883,430	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	137.3%	\$46,715,760	\$53,958,767	\$0	\$2.248	\$0
<b>Total</b>							<b>(\$715,563)</b>

*MuniCap, Inc.*

*03-Jun-15*

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 , 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by SDAT for houses eligible to receive the Homestead Credit.

<sup>2</sup>The maximum taxable value for fiscal year beginning 7/1/2014 is based on actual Homestead Credits reflected on tax bills. Maximum taxable value in subsequent years is based on a 4% increase in taxable values from the preceding year for eligible parcels.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-C.1: Projection of Tax Increment Revenues - Harborview Lot #2 (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Targeted Homeowner's Tax Credit <sup>4</sup>	Homestead Credit <sup>5</sup>	New Construction Credit <sup>6</sup>	Total Credits	Net Incremental Tax Revenues	Rate <sup>7</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$60,239,200	(\$1,169,800)	\$59,069,400	\$2.248	\$1,327,880	(\$51,459)	(\$4,163)	(\$129,073)	(\$184,695)	\$1,143,185	98.0%	\$1,120,321
1-Jul-15	15-Jun-16	100.0%	\$63,080,298	(\$1,169,800)	\$61,910,498	\$2.248	\$1,391,748	(\$69,020)	(\$47,703)	(\$103,259)	(\$219,981)	\$1,171,766	98.0%	\$1,148,331
1-Jul-16	15-Jun-17	100.0%	\$67,244,599	(\$1,169,800)	\$66,074,799	\$2.248	\$1,485,361	(\$75,922)	(\$92,663)	(\$77,444)	(\$246,029)	\$1,239,333	98.0%	\$1,214,546
1-Jul-17	15-Jun-18	100.0%	\$71,408,900	(\$1,169,800)	\$70,239,100	\$2.248	\$1,578,975	(\$82,824)	(\$137,076)	(\$51,629)	(\$271,530)	\$1,307,445	98.0%	\$1,281,296
1-Jul-18	15-Jun-19	102.0%	\$72,837,078	(\$1,169,800)	\$71,667,278	\$2.248	\$1,611,080	(\$91,521)	(\$119,393)	(\$25,815)	(\$236,729)	\$1,374,351	98.0%	\$1,346,864
1-Jul-19	15-Jun-20	104.0%	\$74,293,820	(\$1,169,800)	\$73,124,020	\$2.248	\$1,643,828	(\$100,532)	(\$100,540)	\$0	(\$201,072)	\$1,442,756	98.0%	\$1,413,901
1-Jul-20	15-Jun-21	106.1%	\$75,779,696	(\$1,169,800)	\$74,609,896	\$2.248	\$1,677,230	(\$109,867)	(\$80,460)	\$0	(\$190,327)	\$1,486,903	98.0%	\$1,457,165
1-Jul-21	15-Jun-22	108.2%	\$77,295,290	(\$1,169,800)	\$76,125,490	\$2.248	\$1,711,301	(\$112,065)	(\$59,094)	\$0	(\$171,159)	\$1,540,142	98.0%	\$1,509,339
1-Jul-22	15-Jun-23	110.4%	\$78,841,196	(\$1,169,800)	\$77,671,396	\$2.248	\$1,746,053	(\$114,306)	(\$36,383)	\$0	(\$150,689)	\$1,595,364	98.0%	\$1,563,457
1-Jul-23	15-Jun-24	112.6%	\$80,418,020	(\$1,169,800)	\$79,248,220	\$2.248	\$1,781,500	(\$116,592)	(\$12,261)	\$0	(\$128,853)	\$1,652,647	98.0%	\$1,619,594
1-Jul-24	15-Jun-25	114.9%	\$82,026,380	(\$1,169,800)	\$80,856,580	\$2.248	\$1,817,656	(\$118,924)	\$0	\$0	(\$118,924)	\$1,698,732	98.0%	\$1,664,757
1-Jul-25	15-Jun-26	117.2%	\$83,666,908	(\$1,169,800)	\$82,497,108	\$2.248	\$1,854,535	(\$121,302)	\$0	\$0	(\$121,302)	\$1,733,232	98.0%	\$1,698,568
1-Jul-26	15-Jun-27	119.5%	\$85,340,246	(\$1,169,800)	\$84,170,446	\$2.248	\$1,892,152	(\$123,729)	\$0	\$0	(\$123,729)	\$1,768,423	98.0%	\$1,733,055
1-Jul-27	15-Jun-28	121.9%	\$87,047,051	(\$1,169,800)	\$85,877,251	\$2.248	\$1,930,521	(\$126,203)	\$0	\$0	(\$126,203)	\$1,804,317	98.0%	\$1,768,231
1-Jul-28	15-Jun-29	124.3%	\$88,787,992	(\$1,169,800)	\$87,618,192	\$2.248	\$1,969,657	(\$128,727)	\$0	\$0	(\$128,727)	\$1,840,930	98.0%	\$1,804,111
1-Jul-29	15-Jun-30	126.8%	\$90,563,751	(\$1,169,800)	\$89,393,951	\$2.248	\$2,009,576	(\$131,302)	\$0	\$0	(\$131,302)	\$1,878,274	98.0%	\$1,840,709
1-Jul-30	15-Jun-31	129.4%	\$92,375,027	(\$1,169,800)	\$91,205,227	\$2.248	\$2,050,293	(\$133,928)	\$0	\$0	(\$133,928)	\$1,916,366	98.0%	\$1,878,038
1-Jul-31	15-Jun-32	131.9%	\$94,222,527	(\$1,169,800)	\$93,052,727	\$2.248	\$2,091,825	(\$136,606)	\$0	\$0	(\$136,606)	\$1,955,219	98.0%	\$1,916,115
1-Jul-32	15-Jun-33	134.6%	\$96,106,978	(\$1,169,800)	\$94,937,178	\$2.248	\$2,134,188	(\$139,338)	\$0	\$0	(\$139,338)	\$1,994,849	98.0%	\$1,954,952
Total							\$33,705,360	(\$2,084,169)	(\$689,736)	(\$387,220)	(\$3,161,125)	\$30,544,235		\$29,933,350

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014, 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor thereat

<sup>2</sup>Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup>Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup>See Schedule V-C.2.

<sup>5</sup>See Schedule V-C.3.

<sup>6</sup>All tax bill adjustments not attributable to the Targeted Homeowner's or Homestead credits are assumed to be new construction credits. The credit is assumed to be in its initial year, decreasing by 20% in each subsequent year.

<sup>7</sup>Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-C.2: Projection of Targeted Homeowner Tax Credit - Harborview Lot #2 (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improved For-Sale Residential Value <sup>1</sup>	Assumed Percentage Owner-Occupied <sup>2</sup>	Assumed Owner-Occupied Value <sup>2</sup>	Assumed Credited Tax Rate <sup>3</sup>	Assumed Targeted Homeowner's Tax Credit
1-Jul-14	At Closing	100.0%	\$40,600,200	70%	\$28,588,100	\$0.180	(\$51,459)
1-Jul-15	15-Jun-16	100.0%	\$40,600,200	85%	\$34,510,170	\$0.200	(\$69,020)
1-Jul-16	15-Jun-17	100.0%	\$40,600,200	85%	\$34,510,170	\$0.220	(\$75,922)
1-Jul-17	15-Jun-18	100.0%	\$40,600,200	85%	\$34,510,170	\$0.240	(\$82,824)
1-Jul-18	15-Jun-19	102.0%	\$41,412,204	85%	\$35,200,373	\$0.260	(\$91,521)
1-Jul-19	15-Jun-20	104.0%	\$42,240,448	85%	\$35,904,381	\$0.280	(\$100,532)
1-Jul-20	15-Jun-21	106.1%	\$43,085,257	85%	\$36,622,468	\$0.300	(\$109,867)
1-Jul-21	15-Jun-22	108.2%	\$43,946,962	85%	\$37,354,918	\$0.300	(\$112,065)
1-Jul-22	15-Jun-23	110.4%	\$44,825,901	85%	\$38,102,016	\$0.300	(\$114,306)
1-Jul-23	15-Jun-24	112.6%	\$45,722,419	85%	\$38,864,057	\$0.300	(\$116,592)
1-Jul-24	15-Jun-25	114.9%	\$46,636,868	85%	\$39,641,338	\$0.300	(\$118,924)
1-Jul-25	15-Jun-26	117.2%	\$47,569,605	85%	\$40,434,164	\$0.300	(\$121,302)
1-Jul-26	15-Jun-27	119.5%	\$48,520,997	85%	\$41,242,848	\$0.300	(\$123,729)
1-Jul-27	15-Jun-28	121.9%	\$49,491,417	85%	\$42,067,705	\$0.300	(\$126,203)
1-Jul-28	15-Jun-29	124.3%	\$50,481,246	85%	\$42,909,059	\$0.300	(\$128,727)
1-Jul-29	15-Jun-30	126.8%	\$51,490,871	85%	\$43,767,240	\$0.300	(\$131,302)
1-Jul-30	15-Jun-31	129.4%	\$52,520,688	85%	\$44,642,585	\$0.300	(\$133,928)
1-Jul-31	15-Jun-32	131.9%	\$53,571,102	85%	\$45,535,436	\$0.300	(\$136,606)
1-Jul-32	15-Jun-33	134.6%	\$54,642,524	85%	\$46,446,145	\$0.300	(\$139,338)
Total							(\$2,084,169)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014, 7/1/2015 and 7/1/2016 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup>Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 85% of total for-sale residential improvement value in subsequent years.

<sup>3</sup>The Targeted Homeowner Tax Credit Rate is set annually. Rate for fiscal year beginning 7/1/2014 is based on observed credit. Rate is assumed to increase by \$0.02 per year through fiscal year beginning 7/1/2020.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-C.3: Homestead Credit - Harborview Lot #2 (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value Eligible for Homestead Credit <sup>1</sup>	Maximum Taxable Value Under Homestead Credit <sup>2</sup>	Abated Value	Assumed Credited Tax Rate	Estimated Homestead Credit
1-Jul-14	At Closing	100.0%	\$42,548,300	\$42,363,095	\$185,205	\$2.248	(\$4,163)
1-Jul-15	15-Jun-16	100.0%	\$44,996,834	\$42,874,832	\$2,122,002	\$2.248	(\$47,703)
1-Jul-16	15-Jun-17	100.0%	\$48,261,167	\$44,139,164	\$4,122,003	\$2.248	(\$92,663)
1-Jul-17	15-Jun-18	100.0%	\$51,525,500	\$45,427,801	\$6,097,699	\$2.248	(\$137,076)
1-Jul-18	15-Jun-19	102.0%	\$52,556,010	\$47,244,913	\$5,311,097	\$2.248	(\$119,393)
1-Jul-19	15-Jun-20	104.0%	\$53,607,130	\$49,134,710	\$4,472,420	\$2.248	(\$100,540)
1-Jul-20	15-Jun-21	106.1%	\$54,679,273	\$51,100,098	\$3,579,174	\$2.248	(\$80,460)
1-Jul-21	15-Jun-22	108.2%	\$55,772,858	\$53,144,102	\$2,628,756	\$2.248	(\$59,094)
1-Jul-22	15-Jun-23	110.4%	\$56,888,315	\$55,269,866	\$1,618,449	\$2.248	(\$36,383)
1-Jul-23	15-Jun-24	112.6%	\$58,026,082	\$57,480,661	\$545,421	\$2.248	(\$12,261)
1-Jul-24	15-Jun-25	114.9%	\$59,186,603	\$59,779,888	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	117.2%	\$60,370,335	\$62,171,083	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	119.5%	\$61,577,742	\$64,657,926	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	121.9%	\$62,809,297	\$67,244,243	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	124.3%	\$64,065,483	\$69,934,013	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	126.8%	\$65,346,793	\$72,731,374	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	129.4%	\$66,653,728	\$75,640,629	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	131.9%	\$67,986,803	\$78,666,254	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	134.6%	\$69,346,539	\$81,812,904	\$0	\$2.248	\$0
Total							(\$689,736)
<i>MuniCap, Inc.</i>							<i>03-Jun-15</i>

<sup>1</sup> Assessed values for fiscal year beginning 7/1/2014, 7/1/2015, and 7/1/2016 are based on the phased-in assessed value provided by SDAT for houses eligible to receive the Homestead Credit.

<sup>2</sup> The maximum taxable value for fiscal year beginning 7/1/2014 is based on actual Homestead Credits reflected on tax bills. Maximum taxable value in subsequent years is based on a 4% increase in taxable values from the preceding year for eligible parcels.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-D.1: Projection of Tax Increment Revenues - Strathdale Manor (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Targeted Homeowner's Tax Credit <sup>4</sup>	Homestead Credit <sup>5</sup>	Total Credits	Net Incremental Tax Revenues	Collection Rate <sup>6</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$33,938,100	\$0	\$33,938,100	\$2.248	\$762,928	(\$46,241)	(\$9,514)	(\$55,755)	\$707,173	98.0%	\$693,030
1-Jul-15	15-Jun-16	100.0%	\$34,104,400	\$0	\$34,104,400	\$2.248	\$766,667	(\$53,164)	(\$8,015)	(\$61,179)	\$705,488	98.0%	\$691,378
1-Jul-16	15-Jun-17	102.0%	\$34,786,488	\$0	\$34,786,488	\$2.248	\$782,000	(\$58,480)	\$0	(\$58,480)	\$723,520	98.0%	\$709,050
1-Jul-17	15-Jun-18	104.0%	\$35,482,218	\$0	\$35,482,218	\$2.248	\$797,640	(\$66,374)	\$0	(\$66,374)	\$731,266	98.0%	\$716,641
1-Jul-18	15-Jun-19	106.1%	\$36,191,862	\$0	\$36,191,862	\$2.248	\$813,593	(\$73,343)	\$0	(\$73,343)	\$740,250	98.0%	\$725,445
1-Jul-19	15-Jun-20	108.2%	\$36,915,699	\$0	\$36,915,699	\$2.248	\$829,865	(\$80,565)	\$0	(\$80,565)	\$749,300	98.0%	\$734,314
1-Jul-20	15-Jun-21	110.4%	\$37,654,013	\$0	\$37,654,013	\$2.248	\$846,462	(\$88,046)	\$0	(\$88,046)	\$758,417	98.0%	\$743,248
1-Jul-21	15-Jun-22	112.6%	\$38,407,094	\$0	\$38,407,094	\$2.248	\$863,391	(\$89,806)	\$0	(\$89,806)	\$773,585	98.0%	\$758,113
1-Jul-22	15-Jun-23	114.9%	\$39,175,235	\$0	\$39,175,235	\$2.248	\$880,659	(\$91,603)	\$0	(\$91,603)	\$789,057	98.0%	\$773,276
1-Jul-23	15-Jun-24	117.2%	\$39,958,740	\$0	\$39,958,740	\$2.248	\$898,272	(\$93,435)	\$0	(\$93,435)	\$804,838	98.0%	\$788,741
1-Jul-24	15-Jun-25	119.5%	\$40,757,915	\$0	\$40,757,915	\$2.248	\$916,238	(\$95,303)	\$0	(\$95,303)	\$820,935	98.0%	\$804,516
1-Jul-25	15-Jun-26	121.9%	\$41,573,073	\$0	\$41,573,073	\$2.248	\$934,563	(\$97,209)	\$0	(\$97,209)	\$837,353	98.0%	\$820,606
1-Jul-26	15-Jun-27	124.3%	\$42,404,535	\$0	\$42,404,535	\$2.248	\$953,254	(\$99,154)	\$0	(\$99,154)	\$854,100	98.0%	\$837,018
1-Jul-27	15-Jun-28	126.8%	\$43,252,625	\$0	\$43,252,625	\$2.248	\$972,319	(\$101,137)	\$0	(\$101,137)	\$871,182	98.0%	\$853,759
1-Jul-28	15-Jun-29	129.4%	\$44,117,678	\$0	\$44,117,678	\$2.248	\$991,765	(\$103,159)	\$0	(\$103,159)	\$888,606	98.0%	\$870,834
1-Jul-29	15-Jun-30	131.9%	\$45,000,032	\$0	\$45,000,032	\$2.248	\$1,011,601	(\$105,223)	\$0	(\$105,223)	\$906,378	98.0%	\$888,251
1-Jul-30	15-Jun-31	134.6%	\$45,900,032	\$0	\$45,900,032	\$2.248	\$1,031,833	(\$107,327)	\$0	(\$107,327)	\$924,506	98.0%	\$906,016
1-Jul-31	15-Jun-32	137.3%	\$46,818,033	\$0	\$46,818,033	\$2.248	\$1,052,469	(\$109,474)	\$0	(\$109,474)	\$942,996	98.0%	\$924,136
1-Jul-32	15-Jun-33	140.0%	\$47,754,393	\$0	\$47,754,393	\$2.248	\$1,073,519	(\$111,663)	\$0	(\$111,663)	\$961,856	98.0%	\$942,619
Total							\$17,179,040	(\$1,670,704)	(\$17,529)	(\$1,688,234)	\$15,490,806		\$15,180,990

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 and 7/1/2015 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor thereafter.

<sup>2</sup>Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup>Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup>See Schedule V-D.2.

<sup>5</sup>See Schedule V-D.3.

<sup>6</sup>Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-D.2: Projection of Targeted Homeowner Tax Credit - Strathdale Manor (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Improved For-Sale Residential Value <sup>1</sup>	Assumed Percentage Owner-Occupied <sup>2</sup>	Assumed Owner-Occupied Value <sup>2</sup>	Assumed Credited Tax Rate <sup>3</sup>	Assumed Targeted Homeowner's Tax Credit
1-Jul-14	At Closing	100.0%	\$27,980,900	92%	\$25,689,517	\$0.180	(\$46,241)
1-Jul-15	15-Jun-16	100.0%	\$27,980,900	95%	\$26,581,855	\$0.200	(\$53,164)
1-Jul-16	15-Jun-17	102.0%	\$27,980,900	95%	\$26,581,855	\$0.220	(\$58,480)
1-Jul-17	15-Jun-18	104.0%	\$29,111,328	95%	\$27,655,762	\$0.240	(\$66,374)
1-Jul-18	15-Jun-19	106.1%	\$29,693,555	95%	\$28,208,877	\$0.260	(\$73,343)
1-Jul-19	15-Jun-20	108.2%	\$30,287,426	95%	\$28,773,055	\$0.280	(\$80,565)
1-Jul-20	15-Jun-21	110.4%	\$30,893,175	95%	\$29,348,516	\$0.300	(\$88,046)
1-Jul-21	15-Jun-22	112.6%	\$31,511,038	95%	\$29,935,486	\$0.300	(\$89,806)
1-Jul-22	15-Jun-23	114.9%	\$32,141,259	95%	\$30,534,196	\$0.300	(\$91,603)
1-Jul-23	15-Jun-24	117.2%	\$32,784,084	95%	\$31,144,880	\$0.300	(\$93,435)
1-Jul-24	15-Jun-25	119.5%	\$33,439,766	95%	\$31,767,777	\$0.300	(\$95,303)
1-Jul-25	15-Jun-26	121.9%	\$34,108,561	95%	\$32,403,133	\$0.300	(\$97,209)
1-Jul-26	15-Jun-27	124.3%	\$34,790,732	95%	\$33,051,196	\$0.300	(\$99,154)
1-Jul-27	15-Jun-28	126.8%	\$35,486,547	95%	\$33,712,219	\$0.300	(\$101,137)
1-Jul-28	15-Jun-29	129.4%	\$36,196,278	95%	\$34,386,464	\$0.300	(\$103,159)
1-Jul-29	15-Jun-30	131.9%	\$36,920,203	95%	\$35,074,193	\$0.300	(\$105,223)
1-Jul-30	15-Jun-31	134.6%	\$37,658,607	95%	\$35,775,677	\$0.300	(\$107,327)
1-Jul-31	15-Jun-32	137.3%	\$38,411,780	95%	\$36,491,191	\$0.300	(\$109,474)
1-Jul-32	15-Jun-33	140.0%	\$39,180,015	95%	\$37,221,014	\$0.300	(\$111,663)
Total							(\$1,670,704)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 and 7/1/2015 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup>Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 95% of total for-sale residential improvement value in subsequent years.

<sup>3</sup>The Targeted Homeowner Tax Credit Rate is set annually. Rate for fiscal year beginning 7/1/2014 is based on observed credit. Rate is assumed to increase by \$0.02 per year through fiscal year beginning 7/1/2020.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-D.3: Homestead Credit - Strathdale Manor (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value Eligible for Homestead Credit <sup>1</sup>	Maximum Taxable Value Under Homestead Credit <sup>2</sup>	Abated Value	Assumed Credited Tax Rate	Estimated Homestead Credit
1-Jul-14	At Closing	100.0%	\$30,620,200	\$30,196,964	\$423,236	\$2.248	(\$9,514)
1-Jul-15	15-Jun-16	100.0%	\$30,786,500	\$30,429,962	\$356,538	\$2.248	(\$8,015)
1-Jul-16	15-Jun-17	102.0%	\$31,402,230	\$31,647,160	\$0	\$2.248	\$0
1-Jul-17	15-Jun-18	104.0%	\$32,030,275	\$32,913,046	\$0	\$2.248	\$0
1-Jul-18	15-Jun-19	106.1%	\$32,670,880	\$34,229,568	\$0	\$2.248	\$0
1-Jul-19	15-Jun-20	108.2%	\$33,324,298	\$35,598,751	\$0	\$2.248	\$0
1-Jul-20	15-Jun-21	110.4%	\$33,990,784	\$37,022,701	\$0	\$2.248	\$0
1-Jul-21	15-Jun-22	112.6%	\$34,670,599	\$38,503,609	\$0	\$2.248	\$0
1-Jul-22	15-Jun-23	114.9%	\$35,364,011	\$40,043,753	\$0	\$2.248	\$0
1-Jul-23	15-Jun-24	117.2%	\$36,071,292	\$41,645,504	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	119.5%	\$36,792,717	\$43,311,324	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	121.9%	\$37,528,572	\$45,043,777	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	124.3%	\$38,279,143	\$46,845,528	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	126.8%	\$39,044,726	\$48,719,349	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	129.4%	\$39,825,621	\$50,668,123	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	131.9%	\$40,622,133	\$52,694,848	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	134.6%	\$41,434,576	\$54,802,642	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	137.3%	\$42,263,267	\$56,994,747	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	140.0%	\$43,108,532	\$59,274,537	\$0	\$2.248	\$0
<b>Total</b>							<b>(\$17,529)</b>
<i>MuniCap, Inc.</i>							<i>03-Jun-15</i>

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 and 7/1/2015 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation for the improvement value of for-sale residential units within the District. Values are assumed to increase by inflation factor thereafter.

<sup>2</sup>Percentage and value for fiscal year beginning 7/1/2014 based on actual credits as reflected in tax bills. Owner-occupied value is assumed to increase to 95% of total for-sale residential improvement value in subsequent years.

**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-E.1: Projection of Tax Increment Revenues - North Locust Point (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Assessed Value <sup>1</sup>	Base Value <sup>2</sup>	Incremental Value	City Tax Rate <sup>3</sup>	City Incremental Tax Revenues	Enterprise Zone Credit <sup>4</sup>	Net City Incremental Tax Revenues	Collection Rate <sup>5</sup>	Projected Tax Increment Available for Debt Service
1-Jul-14	At Closing	100.0%	\$59,170,100	(\$4,182,800)	\$54,987,300	\$2.248	\$1,236,115	\$0	\$1,236,115	98.0%	\$1,211,392
1-Jul-15	15-Jun-16	100.0%	\$75,871,800	(\$8,598,700)	\$67,273,100	\$2.248	\$1,512,299	(\$216,278)	\$1,296,021	98.0%	\$1,270,101
1-Jul-16	15-Jun-17	100.0%	\$77,767,467	(\$8,598,700)	\$69,168,767	\$2.248	\$1,554,914	(\$244,260)	\$1,310,654	98.0%	\$1,284,441
1-Jul-17	15-Jun-18	100.0%	\$79,457,400	(\$8,598,700)	\$70,858,700	\$2.248	\$1,592,904	(\$272,242)	\$1,320,662	98.0%	\$1,294,249
1-Jul-18	15-Jun-19	102.0%	\$81,046,548	(\$8,598,700)	\$72,447,848	\$2.248	\$1,628,628	(\$244,250)	\$1,384,377	98.0%	\$1,356,690
1-Jul-19	15-Jun-20	104.0%	\$82,667,479	(\$8,598,700)	\$74,068,779	\$2.248	\$1,665,066	(\$214,637)	\$1,450,429	98.0%	\$1,421,421
1-Jul-20	15-Jun-21	106.1%	\$84,320,829	(\$8,598,700)	\$75,722,129	\$2.248	\$1,702,233	(\$183,352)	\$1,518,882	98.0%	\$1,488,504
1-Jul-21	15-Jun-22	108.2%	\$86,007,245	(\$8,598,700)	\$77,408,545	\$2.248	\$1,740,144	(\$150,343)	\$1,589,801	98.0%	\$1,558,005
1-Jul-22	15-Jun-23	110.4%	\$87,727,390	(\$8,598,700)	\$79,128,690	\$2.248	\$1,778,813	(\$115,559)	\$1,663,254	98.0%	\$1,629,989
1-Jul-23	15-Jun-24	112.6%	\$89,481,938	(\$8,598,700)	\$80,883,238	\$2.248	\$1,818,255	\$0	\$1,818,255	98.0%	\$1,781,890
1-Jul-24	15-Jun-25	114.9%	\$91,271,577	(\$8,598,700)	\$82,672,877	\$2.248	\$1,858,486	\$0	\$1,858,486	98.0%	\$1,821,317
1-Jul-25	15-Jun-26	117.2%	\$93,097,008	(\$8,598,700)	\$84,498,308	\$2.248	\$1,899,522	\$0	\$1,899,522	98.0%	\$1,861,532
1-Jul-26	15-Jun-27	119.5%	\$94,958,948	(\$8,598,700)	\$86,360,248	\$2.248	\$1,941,378	\$0	\$1,941,378	98.0%	\$1,902,551
1-Jul-27	15-Jun-28	121.9%	\$96,858,127	(\$8,598,700)	\$88,259,427	\$2.248	\$1,984,072	\$0	\$1,984,072	98.0%	\$1,944,390
1-Jul-28	15-Jun-29	124.3%	\$98,795,290	(\$8,598,700)	\$90,196,590	\$2.248	\$2,027,619	\$0	\$2,027,619	98.0%	\$1,987,067
1-Jul-29	15-Jun-30	126.8%	\$100,771,196	(\$8,598,700)	\$92,172,496	\$2.248	\$2,072,038	\$0	\$2,072,038	98.0%	\$2,030,597
1-Jul-30	15-Jun-31	129.4%	\$102,786,619	(\$8,598,700)	\$94,187,919	\$2.248	\$2,117,344	\$0	\$2,117,344	98.0%	\$2,074,998
1-Jul-31	15-Jun-32	131.9%	\$104,842,352	(\$8,598,700)	\$96,243,652	\$2.248	\$2,163,557	\$0	\$2,163,557	98.0%	\$2,120,286
1-Jul-32	15-Jun-33	134.6%	\$106,939,199	(\$8,598,700)	\$98,340,499	\$2.248	\$2,210,694	\$0	\$2,210,694	98.0%	\$2,166,481
Total							\$34,504,082	(\$1,640,920)	\$32,863,162		\$32,205,899

MuniCap, Inc.

03-Jun-15

<sup>1</sup>Assessed values for fiscal year beginning 7/1/2014 and 7/1/2015 are based on the phased-in assessed value provided by Maryland State Department of Assessments and Taxation (see Appendix B). Assumed to increase by annual inflation factor thereafter.

<sup>2</sup>Represents cumulative assessed value of property within District upon establishment.

<sup>3</sup>Represents City of Baltimore tax rate for fiscal year beginning 7/1/2014.

<sup>4</sup>See Schedule V-E.2.

<sup>5</sup>Assumes a total collection loss of 2% due to discounts, corrections, and/or delinquencies.



**APPENDIX A TO TAX INCREMENT AND SPECIAL TAX STUDY**  
**Consolidated Special Obligation Refunding Bonds**  
**Series 2015**

Schedule V-E.2: Enterprise Zone Credit - North Locust Point (Scenario B)

Fiscal Year Beginning	Bond Period Ending	Inflation Factor	Enterprise Zone Credit <sup>1</sup>					Total Exempted Value	Tax Rate	Assumed Enterprise Zone Credit
			Value Subject to Enterprise Zone Credit <sup>2</sup>	Base Value <sup>3</sup>	Incremental Value	Percentage Exempted <sup>4</sup>	Exempted Value <sup>4</sup>			
1-Jul-14	At Closing	100.0%	\$0	\$0	\$0	0%	\$0	\$0	\$2.248	\$0
1-Jul-15	15-Jun-16	100.0%	\$16,075,433	(\$4,049,300)	\$12,026,133	80%	\$9,620,906	\$9,620,906	\$2.248	(\$216,278)
1-Jul-16	15-Jun-17	100.0%	\$17,631,367	(\$4,049,300)	\$13,582,067	80%	\$10,865,653	\$10,865,653	\$2.248	(\$244,260)
1-Jul-17	15-Jun-18	100.0%	\$19,187,300	(\$4,049,300)	\$15,138,000	80%	\$12,110,400	\$12,110,400	\$2.248	(\$272,242)
1-Jul-18	15-Jun-19	102.0%	\$19,571,046	(\$4,049,300)	\$15,521,746	70%	\$10,865,222	\$10,865,222	\$2.248	(\$244,250)
1-Jul-19	15-Jun-20	104.0%	\$19,962,467	(\$4,049,300)	\$15,913,167	60%	\$9,547,900	\$9,547,900	\$2.248	(\$214,637)
1-Jul-20	15-Jun-21	106.1%	\$20,361,716	(\$4,049,300)	\$16,312,416	50%	\$8,156,208	\$8,156,208	\$2.248	(\$183,352)
1-Jul-21	15-Jun-22	108.2%	\$20,768,951	(\$4,049,300)	\$16,719,651	40%	\$6,687,860	\$6,687,860	\$2.248	(\$150,343)
1-Jul-22	15-Jun-23	110.4%	\$21,184,330	(\$4,049,300)	\$17,135,030	30%	\$5,140,509	\$5,140,509	\$2.248	(\$115,559)
1-Jul-23	15-Jun-24	112.6%	\$21,608,016	(\$4,049,300)	\$17,558,716	0%	\$0	\$0	\$2.248	\$0
1-Jul-24	15-Jun-25	114.9%	\$22,040,177	(\$4,049,300)	\$17,990,877	0%	\$0	\$0	\$2.248	\$0
1-Jul-25	15-Jun-26	117.2%	\$22,480,980	(\$4,049,300)	\$18,431,680	0%	\$0	\$0	\$2.248	\$0
1-Jul-26	15-Jun-27	119.5%	\$22,930,600	(\$4,049,300)	\$18,881,300	0%	\$0	\$0	\$2.248	\$0
1-Jul-27	15-Jun-28	121.9%	\$23,389,212	(\$4,049,300)	\$19,339,912	0%	\$0	\$0	\$2.248	\$0
1-Jul-28	15-Jun-29	124.3%	\$23,856,996	(\$4,049,300)	\$19,807,696	0%	\$0	\$0	\$2.248	\$0
1-Jul-29	15-Jun-30	126.8%	\$24,334,136	(\$4,049,300)	\$20,284,836	0%	\$0	\$0	\$2.248	\$0
1-Jul-30	15-Jun-31	129.4%	\$24,820,819	(\$4,049,300)	\$20,771,519	0%	\$0	\$0	\$2.248	\$0
1-Jul-31	15-Jun-32	131.9%	\$25,317,235	(\$4,049,300)	\$21,267,935	0%	\$0	\$0	\$2.248	\$0
1-Jul-32	15-Jun-33	134.6%	\$25,823,580	(\$4,049,300)	\$21,774,280	0%	\$0	\$0	\$2.248	\$0
Total										(\$1,640,920)

MuniCap, Inc.

03-Jun-15

<sup>1</sup>The Enterprise Zone Credit offers a ten year abatement equal to 80% of improvement value for a period of five years, decreasing by 10% percent to 30 % in Year Ten. Based on City of Baltimore data, it is assumed that the final year of the ten year credit will be fiscal year beginning 7/1/2022.

<sup>3</sup>Represents value for Parcel 24-12-1987B-006. Parcel began receiving credit in Fiscal Year Beginning 7/1/2013, but tax increment from the parcel is only included herein from fiscal year beginning

<sup>4</sup>Exemptions for fiscal year beginning 7/1/2015 based on parcel receiving the Enterprise Zone Credit for the third year.

**MAYOR AND CITY COUNCIL OF BALTIMORE**  
**Consolidated Special Obligation Refunding**  
**Bonds (Tax Increment Financing Projects)**  
**Series 2015 Refunding Bonds**

**TAX INCREMENT AND SPECIAL TAX REPORT**

**APPENDIX B**  
**(CURRENT TAX ROLLS)**

**Clipper Mill**  
**Harborview Lot #2**  
**Strathdale Manor**  
**North Locust Point**

**Prepared By:**

**MuniCap, Inc.**  
**Public Finance**

**June 3, 2015**

**MAYOR AND CITY COUNCIL OF BALTIMORE,  
MARYLAND  
Consolidated Special Obligation Refunding  
Bonds  
(Tax Increment Financing Projects)  
Series 2015**

**TAX INCREMENT AND SPECIAL TAX REPORT  
APPENDIX B**

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	<b>B. Harborview Lot #2</b>	<b>4</b>
	<b>C. Strathdale Manor</b>	<b>7</b>
	<b>D. North Locust Point</b>	<b>13</b>

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-A: Current Tax Roll -- Clipper Mill

Assessed Values				
Parcel	Phase-in Assessed Value July 1, 2014	Phase-in Assessed Value July 1, 2015	Full Assessed Value July 1, 2016	Homestead Credit Status
13-04-3390B-053	\$1,600	\$1,600	\$1,600	N
13-04-3390B-054	\$252,033	\$277,167	\$302,300	H
13-04-3390B-055	\$258,100	\$275,900	\$293,700	H
13-04-3390B-056	\$252,033	\$277,167	\$302,300	H
13-04-3390B-057	\$265,033	\$292,367	\$319,700	N
13-04-3390B-058	\$258,100	\$275,900	\$293,700	N
13-04-3390B-059	\$255,600	\$281,500	\$307,400	H
13-04-3390B-060	\$251,833	\$276,967	\$302,100	H
13-04-3390B-061	\$257,900	\$275,700	\$293,500	H
13-04-3390B-062	\$258,400	\$284,600	\$310,800	N
13-04-3390B-063	\$258,400	\$284,600	\$310,800	H
13-04-3390B-064	\$261,133	\$279,167	\$297,200	H
13-04-3390B-065	\$251,833	\$276,967	\$302,100	N
13-04-3390B-066	\$251,833	\$276,967	\$302,100	H
13-04-3390B-067	\$257,900	\$275,700	\$293,500	N
13-04-3390B-068	\$257,900	\$275,700	\$293,500	H
13-04-3390B-069	\$260,400	\$286,600	\$312,800	H
13-04-3390B-070	\$251,833	\$276,967	\$302,100	N
13-04-3390B-071	\$257,900	\$275,700	\$293,500	H
13-04-3390B-072	\$255,867	\$273,533	\$291,200	N
13-04-3390B-073	\$257,900	\$275,700	\$293,500	H
13-04-3390B-074	\$251,833	\$276,967	\$302,100	H
13-04-3390B-075	\$243,300	\$272,700	\$302,100	H
13-04-3390B-076	\$243,500	\$268,500	\$293,500	H
13-04-3390B-077	\$251,833	\$276,967	\$302,100	H
13-04-3390B-078	\$253,533	\$280,367	\$307,200	H
13-04-3390B-079	\$250,100	\$275,000	\$299,900	N
13-04-3390B-080	\$261,800	\$280,200	\$298,600	H
13-04-3390B-081	\$257,900	\$275,700	\$293,500	H
13-04-3390B-082	\$264,933	\$283,567	\$302,200	H
13-04-3390B-083	\$251,833	\$276,967	\$302,100	H

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-A: Current Tax Roll -- Clipper Mill

Assessed Values				
Parcel	Phase-in Assessed Value July 1, 2014	Phase-in Assessed Value July 1, 2015	Full Assessed Value July 1, 2016	Homestead Credit Status
13-04-3390B-084	\$251,833	\$276,967	\$302,100	H
13-04-3390B-085	\$257,900	\$275,700	\$293,500	H
13-04-3390B-086	\$259,600	\$279,100	\$298,600	N
13-04-3390B-087	\$258,400	\$284,600	\$310,800	N
13-04-3390B-088	\$4,900	\$4,900	\$4,900	N
13-04-3390B-089	\$768,767	\$798,333	\$827,900	N
13-04-3390B-090	\$10,011,800	\$10,411,400	\$10,811,000	N
13-04-3390B-092	\$22,900	\$22,900	\$22,900	N
13-04-3390B-093	\$0	\$0	\$0	N
13-04-3390B-095	\$24,500	\$24,500	\$24,500	N
13-04-3390B-096	\$12,100	\$12,100	\$12,100	N
13-04-3390B-097 <sup>1</sup>	\$12,000	\$605,300	\$605,300	H
13-04-3390B-099 <sup>1</sup>	\$3,800	\$643,600	\$643,600	N
13-04-3390B-100 <sup>1</sup>	\$4,500	\$651,500	\$651,500	H
13-04-3390B-101 <sup>1</sup>	\$5,000	\$647,400	\$647,400	H
13-04-3390B-102 <sup>1</sup>	\$5,400	\$643,600	\$643,600	H
13-04-3390B-103	\$394,700	\$479,400	\$564,100	H
13-04-3390B-104	\$393,667	\$477,333	\$561,000	H
13-04-3390B-104A	\$390,567	\$470,833	\$551,100	H
13-04-3390B-104B	\$390,567	\$470,833	\$551,100	H
13-04-3390B-110A	\$487,200	\$485,633	\$573,300	H
13-04-3390B-104C	\$381,467	\$517,100	\$547,000	H
13-04-3390B-110B	\$379,133	\$484,433	\$571,500	H
13-04-3390B-104D	\$472,167	\$452,433	\$523,400	H
13-04-3390B-110C	\$414,800	\$471,467	\$556,600	H
13-04-3390B-104E	\$368,933	\$447,967	\$516,800	N
13-04-3390B-110D	\$376,567	\$455,300	\$533,900	H
13-04-3390B-104F	\$376,833	\$491,133	\$510,100	H
13-04-3390B-105	\$362,667	\$493,600	\$572,400	H
13-04-3390B-106	\$396,100	\$444,067	\$519,200	H
13-04-3390B-107	\$397,967	\$455,233	\$533,900	H

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-A: Current Tax Roll -- Clipper Mill

Assessed Values				
Parcel	Phase-in Assessed Value July 1, 2014	Phase-in Assessed Value July 1, 2015	Full Assessed Value July 1, 2016	Homestead Credit Status
13-04-3390B-108	\$397,367	\$454,867	\$532,900	H
13-04-3390B-109	\$386,333	\$431,733	\$500,800	H
13-04-3390B-110	\$376,700	\$462,600	\$529,100	H
13-04-3390B-111	\$548,667	\$556,233	\$563,800	H
13-04-3390B-112	\$399,767	\$489,233	\$578,700	H
13-04-3390B-113	\$402,167	\$494,033	\$585,900	H
13-04-3390B-114	\$397,733	\$485,167	\$572,600	H
13-04-3390B-115	\$381,067	\$450,233	\$519,400	H
13-04-3390B-116	\$380,100	\$462,300	\$544,500	H
13-04-3390B-117	\$380,300	\$450,300	\$520,300	H
13-04-3390B-118	\$382,400	\$454,500	\$526,600	N
13-04-3390B-119	\$366,867	\$423,433	\$480,000	H
13-04-3390B-120	\$374,433	\$438,567	\$502,700	H
13-04-3390B-121	\$358,467	\$419,033	\$479,600	H
13-04-3390B-122	\$367,067	\$438,633	\$510,200	H
13-04-3390B-123	\$375,367	\$452,833	\$530,300	H
13-04-3390B-124	\$468,567	\$508,533	\$548,500	H
13-04-3390B-125	\$138,333	\$146,667	\$155,000	N
13-04-3390B-126	\$138,333	\$146,667	\$155,000	N
13-04-3390B-127	\$138,333	\$146,667	\$155,000	H
13-04-3390B-128	\$125,000	\$125,000	\$125,000	H
13-04-3390B-129	\$125,000	\$125,000	\$125,000	H
13-04-3390B-130	\$125,000	\$125,000	\$125,000	N
13-04-3390B-131	\$121,667	\$123,333	\$125,000	N
13-04-3390B-132	\$138,333	\$146,667	\$155,000	N
13-04-3390B-133	\$138,333	\$146,667	\$155,000	H
13-04-3390B-134	\$180,000	\$180,000	\$180,000	H
13-04-3390B-135	\$180,000	\$180,000	\$180,000	H
13-04-3390B-136	\$180,000	\$180,000	\$180,000	H
13-04-3390B-137	\$120,000	\$120,000	\$120,000	N
13-04-3390B-138	\$138,333	\$146,667	\$155,000	H

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-A: Current Tax Roll -- Clipper Mill

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Phase-in Assessed Value July 1, 2015</b>	<b>Full Assessed Value July 1, 2016</b>	<b>Homestead Credit Status</b>
13-04-3390B-139	\$125,000	\$125,000	\$125,000	N
13-04-3390B-140	\$125,000	\$125,000	\$125,000	N
13-04-3390B-141	\$138,333	\$146,667	\$155,000	H
13-04-3390B-142	\$138,333	\$146,667	\$155,000	H
13-04-3390B-143	\$128,333	\$141,667	\$155,000	N
13-04-3390B-144	\$125,000	\$125,000	\$125,000	N
13-04-3390B-145	\$125,000	\$125,000	\$125,000	N
13-04-3390B-146	\$125,000	\$125,000	\$125,000	N
13-04-3390B-147	\$125,000	\$125,000	\$125,000	H
13-04-3390B-148	\$138,333	\$146,667	\$155,000	N
13-04-3390B-149	\$138,333	\$146,667	\$155,000	N
13-04-3390B-150	\$180,000	\$180,000	\$180,000	H
13-04-3390B-151	\$180,000	\$180,000	\$180,000	H
13-04-3390B-152	\$180,000	\$180,000	\$180,000	H
13-04-3390B-153	\$180,000	\$180,000	\$180,000	H
13-04-3390B-154	\$185,000	\$185,000	\$185,000	H
13-04-3390B-155	\$138,333	\$146,667	\$155,000	H
13-04-3390B-156	\$138,333	\$146,667	\$155,000	H
13-04-3390B-157	\$173,333	\$176,667	\$180,000	H
13-04-3390B-158	\$141,667	\$148,333	\$155,000	H
13-04-3390B-159	\$138,333	\$146,667	\$155,000	H
13-04-3390B-160	\$138,333	\$146,667	\$155,000	H
13-04-3390B-161	\$121,667	\$123,333	\$125,000	H
13-04-3390B-162	\$121,667	\$123,333	\$125,000	N
13-04-3390B-163	\$121,667	\$123,333	\$125,000	N
13-04-3390B-164	\$121,667	\$123,333	\$125,000	H
13-04-3390B-165	\$138,333	\$146,667	\$155,000	N
13-04-3390B-166	\$138,333	\$146,667	\$155,000	N
13-04-3390B-167	\$180,000	\$180,000	\$180,000	N
13-04-3390B-168	\$180,000	\$180,000	\$180,000	H
13-04-3390B-169	\$180,000	\$180,000	\$180,000	N

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-A: Current Tax Roll -- Clipper Mill

Assessed Values				
Parcel	Phase-in Assessed Value July 1, 2014	Phase-in Assessed Value July 1, 2015	Full Assessed Value July 1, 2016	Homestead Credit Status
13-04-3390B-170	\$180,000	\$180,000	\$180,000	H
13-04-3390B-171	\$185,000	\$185,000	\$185,000	H
13-04-3390B-172	\$138,333	\$146,667	\$155,000	H
13-04-3390B-173	\$138,333	\$146,667	\$155,000	H
13-04-3390B-174	\$176,667	\$178,333	\$180,000	H
13-04-3390B-175	\$145,000	\$150,000	\$155,000	H
13-04-3390B-176	\$138,333	\$146,667	\$155,000	N
13-04-3390B-177	\$138,333	\$146,667	\$155,000	H
13-04-3390B-178	\$138,333	\$146,667	\$155,000	N
13-04-3390B-179	\$135,000	\$145,000	\$155,000	N
13-04-3390B-180	\$176,667	\$178,333	\$180,000	H
13-04-3390B-181	\$180,000	\$180,000	\$180,000	H
13-04-3390B-182	\$176,667	\$178,333	\$180,000	N
13-04-3390B-183	\$176,667	\$178,333	\$180,000	H
13-04-3390B-184	\$138,333	\$146,667	\$155,000	H
13-04-3390B-185	\$138,333	\$146,667	\$155,000	N
13-04-3390B-186	\$176,667	\$178,333	\$180,000	H
Total	\$41,465,862	\$48,312,638	\$51,998,700	

MuniCap, Inc.

03-Jun-15

<sup>1</sup>These parcels were recently sold and were reassessed.



***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-B: Current Tax Roll -- Harborview Lot #2

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Phase-in Assessed Value July 1, 2015</b>	<b>Phase-in Assessed Value July 1, 2016</b>	<b>Full Assessed Value July 1, 2017</b>	<b>Homestead Credit Status</b>
24-13-1922-600	\$1,000	\$1,000	\$1,000	\$1,000	
24-13-1922-601	\$659,000	\$680,733	\$702,467	\$724,200	N
24-13-1922-602	\$590,800	\$624,600	\$658,400	\$692,200	H
24-13-1922-603	\$627,200	\$646,200	\$665,200	\$684,200	H
24-13-1922-604	\$739,200	\$723,700	\$723,700	\$723,700	H
24-13-1922-605	\$630,000	\$650,233	\$670,467	\$690,700	H
24-13-1922-606	\$649,200	\$661,200	\$673,200	\$685,200	H
24-13-1922-607	\$562,000	\$649,967	\$737,934	\$825,900	H
24-13-1922-608	\$554,400	\$575,267	\$596,134	\$617,000	N
24-13-1922-609	\$610,400	\$682,233	\$754,067	\$825,900	N
24-13-1922-610	\$610,400	\$681,100	\$751,800	\$822,500	H
24-13-1922-611	\$610,400	\$681,100	\$751,800	\$822,500	H
24-13-1922-612	\$615,000	\$684,733	\$754,467	\$824,200	N
24-13-1922-613	\$608,000	\$679,000	\$750,000	\$821,000	H
24-13-1922-614	\$610,400	\$581,700	\$581,700	\$581,700	H
24-13-1922-615	\$434,000	\$481,133	\$528,267	\$575,400	H
24-13-1922-616	\$434,000	\$481,533	\$529,067	\$576,600	H
24-13-1922-617	\$582,400	\$583,633	\$584,867	\$586,100	H
24-13-1922-618	\$524,000	\$547,700	\$571,400	\$595,100	H
24-13-1922-619	\$520,800	\$545,500	\$570,200	\$594,900	N
24-13-1922-620	\$463,200	\$505,400	\$547,600	\$589,800	N
24-13-1922-621	\$438,200	\$488,967	\$539,734	\$590,500	H
24-13-1922-622	\$540,800	\$582,333	\$623,867	\$665,400	N
24-13-1922-622A	\$0	\$0	\$0	\$0	N
24-13-1922-623	\$840,000	\$683,700	\$683,700	\$683,700	H
24-13-1922-624	\$543,200	\$547,267	\$551,334	\$555,400	H
24-13-1922-625	\$445,200	\$481,733	\$518,267	\$554,800	H
24-13-1922-626	\$476,000	\$506,333	\$536,667	\$567,000	N
24-13-1922-627	\$682,900	\$682,900	\$682,900	\$682,900	H
24-13-1922-628	\$595,000	\$595,733	\$596,467	\$597,200	H
24-13-1922-629	\$565,600	\$564,000	\$564,000	\$564,000	N
24-13-1922-630	\$686,000	\$686,000	\$686,000	\$686,000	H
24-13-1922-631	\$611,800	\$650,367	\$688,934	\$727,500	H
24-13-1922-632	\$775,600	\$797,467	\$819,334	\$841,200	H
24-13-1922-633	\$702,800	\$749,033	\$795,267	\$841,500	H
24-13-1922-634	\$705,000	\$749,833	\$794,667	\$839,500	H

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-B: Current Tax Roll -- Harborview Lot #2

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Phase-in Assessed Value July 1, 2015</b>	<b>Phase-in Assessed Value July 1, 2016</b>	<b>Full Assessed Value July 1, 2017</b>	<b>Homestead Credit Status</b>
24-13-1922-635	\$638,400	\$655,833	\$673,267	\$690,700	H
24-13-1922-636	\$571,200	\$632,867	\$694,534	\$756,200	H
24-13-1922-637	\$588,000	\$647,833	\$707,667	\$767,500	N
24-13-1922-638	\$892,000	\$903,467	\$914,934	\$926,400	H
24-13-1922-639	\$860,400	\$881,667	\$902,934	\$924,200	H
24-13-1922-639A	\$1,432,000	\$926,200	\$926,200	\$926,200	N
24-13-1922-640	\$1,030,200	\$1,064,533	\$1,098,867	\$1,133,200	N
24-13-1922-640A	\$2,780,000	\$2,790,433	\$2,800,867	\$2,811,300	N
24-13-1922-641	\$524,900	\$727,300	\$929,700	\$1,132,100	H
24-13-1922-641A	\$627,200	\$726,767	\$826,334	\$925,900	H
24-13-1922-642	\$602,000	\$709,967	\$817,934	\$925,900	H
24-13-1922-643	\$588,000	\$700,800	\$813,600	\$926,400	H
24-13-1922-644	\$414,800	\$532,167	\$649,534	\$766,900	N
24-13-1922-645	\$571,200	\$632,500	\$693,800	\$755,100	H
24-13-1922-646	\$580,000	\$616,500	\$653,000	\$689,500	N
24-13-1922-647	\$1,019,000	\$841,700	\$841,700	\$841,700	H
24-13-1922-648	\$674,800	\$730,367	\$785,934	\$841,500	H
24-13-1922-649	\$680,000	\$734,067	\$788,134	\$842,200	H
24-13-1922-650	\$525,000	\$594,067	\$663,134	\$732,200	H
24-13-1922-651	\$501,200	\$573,800	\$646,400	\$719,000	H
24-13-1922-652	\$487,600	\$550,067	\$612,534	\$675,000	H
24-13-1922-653	\$490,000	\$553,333	\$616,667	\$680,000	H
24-13-1922-654	\$576,800	\$611,200	\$645,600	\$680,000	N
24-13-1922-655	\$625,000	\$693,567	\$762,134	\$830,700	H
24-13-1922-656	\$557,200	\$595,200	\$633,200	\$671,200	N
24-13-1922-657	\$589,600	\$649,067	\$708,534	\$768,000	H
24-13-1922-658	\$609,000	\$669,433	\$729,867	\$790,300	H
24-13-1922-659	\$505,300	\$657,400	\$809,500	\$961,600	H
24-13-1922-660	\$659,000	\$759,500	\$860,000	\$960,500	H
24-13-1922-661	\$708,400	\$789,800	\$871,200	\$952,600	H
24-13-1922-662	\$753,200	\$820,467	\$887,734	\$955,000	H
24-13-1922-663	\$809,200	\$858,000	\$906,800	\$955,600	N
24-13-1922-664	\$1,232,000	\$1,144,200	\$1,144,200	\$1,144,200	H
24-13-1922-665	\$1,748,000	\$1,803,300	\$1,858,600	\$1,913,900	H
24-13-1922-666	\$1,748,000	\$1,802,300	\$1,856,600	\$1,910,900	N
24-13-1922-667	\$588,000	\$648,000	\$708,000	\$768,000	H

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-B: Current Tax Roll -- Harborview Lot #2

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Phase-in Assessed Value July 1, 2015</b>	<b>Phase-in Assessed Value July 1, 2016</b>	<b>Full Assessed Value July 1, 2017</b>	<b>Homestead Credit Status</b>
24-13-1922-668	\$604,800	\$666,100	\$727,400	\$788,700	H
24-13-1922-669	\$744,800	\$816,333	\$887,867	\$959,400	H
24-13-1922-670	\$593,600	\$714,800	\$836,000	\$957,200	H
24-13-1922-671	\$500,500	\$651,200	\$801,900	\$952,600	H
24-13-1922-672	\$770,000	\$831,133	\$892,267	\$953,400	N
24-13-1922-673	\$893,000	\$914,233	\$935,467	\$956,700	N
24-13-1922-674	\$1,062,000	\$1,089,333	\$1,116,667	\$1,144,000	H
24-13-1922-675	\$599,200	\$639,133	\$679,067	\$719,000	H
24-13-1922-676	\$576,800	\$609,533	\$642,267	\$675,000	H
24-13-1922-677	\$401,600	\$492,733	\$583,867	\$675,000	H
24-13-1922-678	\$581,000	\$614,000	\$647,000	\$680,000	H
24-13-1922-679	\$564,900	\$653,500	\$742,100	\$830,700	H
24-13-1922-680	\$610,400	\$630,667	\$650,934	\$671,200	H
24-13-1922-681	\$735,000	\$581,200	\$581,200	\$581,200	H
24-13-1922-682	\$718,000	\$581,200	\$581,200	\$581,200	H
24-13-1922-683	\$505,500	\$566,200	\$626,900	\$687,600	N
24-13-1922-684	\$747,600	\$688,000	\$688,000	\$688,000	H
<b>Total</b>	<b>\$60,239,200</b>	<b>\$63,080,298</b>	<b>\$67,244,599</b>	<b>\$71,408,900</b>	

*MuniCap, Inc.*

*03-Jun-15*

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-C: Current Tax Roll -- Strathdale Manor

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Full Assessed Value July 1, 2015</b>	<b>Homeowner Credit Status</b>
26-20-6048-176	\$182,400	\$182,400	H
26-20-6048-181	\$170,000	\$170,000	H
26-20-6048-182	\$193,500	\$193,500	H
26-20-6048-183	\$159,400	\$159,400	H
26-20-6048-184	\$188,900	\$188,900	H
26-20-6048-185	\$147,800	\$147,800	H
26-20-6048-186	\$188,200	\$188,200	H
26-20-6048-187	\$170,800	\$170,800	H
26-20-6048-188	\$180,500	\$180,500	H
26-20-6048-189	\$161,500	\$161,500	H
26-20-6048-190	\$166,000	\$166,000	H
26-20-6048-191	\$166,800	\$166,800	H
26-20-6048-192	\$185,800	\$185,800	H
26-20-6048-193	\$221,500	\$221,500	H
26-20-6048-194	\$182,600	\$182,600	H
26-20-6048-195	\$144,900	\$144,900	N
26-20-6048-196	\$167,700	\$167,700	H
26-20-6048-197	\$190,500	\$190,500	H
26-20-6048-198	\$242,700	\$242,700	H
26-20-6048-199	\$238,700	\$238,700	N
26-20-6048-200	\$213,200	\$213,200	H
26-20-6048-201	\$224,200	\$224,200	H
26-20-6048-202	\$140,000	\$140,000	H
26-20-6048-203	\$153,100	\$153,100	H
26-20-6048-204	\$156,400	\$156,400	H
26-20-6048-205	\$147,000	\$147,000	H
26-20-6048-206	\$159,400	\$159,400	H
26-20-6048-207	\$166,100	\$166,100	H
26-20-6048-208	\$158,500	\$158,500	H
26-20-6048-209	\$169,000	\$169,000	N

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-C: Current Tax Roll -- Strathdale Manor

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Full Assessed Value July 1, 2015</b>	<b>Homeowner Credit Status</b>
26-20-6048-210	\$188,000	\$188,000	H
26-20-6048-211	\$238,700	\$238,700	H
26-20-6048-212	\$252,200	\$252,200	H
26-20-6048-213	\$177,800	\$177,800	H
26-20-6048-214	\$164,500	\$164,500	H
26-20-6048-215	\$204,000	\$204,000	H
26-20-6048-216	\$223,900	\$223,900	H
26-20-6048-217	\$275,200	\$275,200	N
26-20-6048-218	\$235,800	\$235,800	H
26-20-6048-219	\$206,100	\$206,100	H
26-20-6048-220	\$150,000	\$150,000	H
26-20-6048-221	\$180,100	\$180,100	H
26-20-6048-222	\$163,900	\$163,900	H
26-20-6048-223	\$177,100	\$177,100	H
26-20-6048-224	\$240,200	\$240,200	H
26-20-6048-225	\$203,300	\$203,300	H
26-20-6048-226	\$189,900	\$189,900	H
26-20-6048-227	\$195,500	\$195,500	N
26-20-6048-228	\$195,300	\$195,300	H
26-20-6048-229	\$192,900	\$192,900	H
26-20-6048-230	\$185,200	\$185,200	H
26-20-6048-231	\$194,200	\$194,200	H
26-20-6048-232	\$196,100	\$196,100	H
26-20-6048-233	\$190,000	\$190,000	H
26-20-6048-234	\$182,200	\$182,200	N
26-20-6048-235	\$182,200	\$182,200	H
26-20-6048-236	\$186,300	\$186,300	N
26-20-6048-237	\$179,600	\$179,600	H
26-20-6048-238	\$161,300	\$161,300	H
26-20-6048-239	\$173,000	\$173,000	H

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-C: Current Tax Roll -- Strathdale Manor

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Full Assessed Value July 1, 2015</b>	<b>Homeowner Credit Status</b>
26-20-6048-240	\$183,200	\$183,200	H
26-20-6048-241	\$176,100	\$176,100	H
26-20-6048-242	\$189,200	\$189,200	H
26-20-6048-243	\$188,900	\$188,900	H
26-20-6048-244	\$178,500	\$178,500	H
26-20-6048-245	\$202,367	\$210,200	H
26-20-6048-246	\$192,200	\$192,200	N
26-20-6048-247	\$163,200	\$163,200	N
26-20-6048-248	\$243,800	\$243,800	H
26-20-6048-249	\$242,700	\$242,700	N
26-20-6048-250	\$183,200	\$183,200	H
26-20-6048-251	\$190,800	\$190,800	H
26-20-6048-252	\$197,500	\$197,500	N
26-20-6048-253	\$195,800	\$195,800	H
26-20-6048-254	\$193,900	\$193,900	H
26-20-6048-255	\$172,100	\$172,100	H
26-20-6048-256	\$234,867	\$254,800	H
26-20-6048-257	\$180,733	\$183,600	H
26-20-6048-258	\$241,600	\$241,600	H
26-20-6048-259	\$245,200	\$245,200	H
26-20-6048-260	\$173,300	\$173,300	H
26-20-6048-261	\$239,700	\$239,700	H
26-20-6048-262	\$164,600	\$164,600	N
26-20-6048-263	\$236,100	\$236,100	H
26-20-6048-264	\$182,700	\$182,700	H
26-20-6048-265	\$177,700	\$177,700	N
26-20-6048-265A	\$100	\$100	N
26-20-6055-001	\$144,900	\$144,900	H
26-20-6055-002	\$178,100	\$178,100	N
26-20-6055-017	\$144,900	\$144,900	H

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-C: Current Tax Roll -- Strathdale Manor

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Full Assessed Value July 1, 2015</b>	<b>Homeowner Credit Status</b>
26-20-6055-018	\$159,900	\$159,900	H
26-20-6055-019	\$181,700	\$181,700	H
26-20-6055-020	\$146,000	\$146,000	H
26-20-6055-021	\$144,300	\$144,300	H
26-20-6055-022	\$179,500	\$179,500	H
26-20-6055-023	\$164,700	\$164,700	H
26-20-6055-024	\$148,200	\$148,200	H
26-20-6055-025	\$180,600	\$180,600	H
26-20-6055-026	\$182,400	\$182,400	H
26-20-6055-027	\$201,600	\$208,800	H
26-20-6055-028	\$156,400	\$156,400	H
26-20-6055-029	\$144,300	\$144,300	H
26-20-6055-030	\$182,300	\$182,300	H
26-20-6055-031	\$257,400	\$257,400	H
26-20-6055-032	\$213,700	\$213,700	H
26-20-6055-033	\$281,200	\$281,200	H
26-20-6055-034	\$260,200	\$260,200	H
26-20-6055-035	\$173,100	\$173,100	H
26-20-6055-036	\$144,300	\$144,300	H
26-20-6055-037	\$178,100	\$178,100	H
26-20-6055-038	\$221,500	\$221,500	H
26-20-6055-039	\$244,900	\$244,900	H
26-20-6055-040	\$244,800	\$244,800	H
26-20-6055-041	\$166,400	\$244,800	H
26-20-6055-042	\$192,300	\$192,300	H
26-20-6055-043	\$176,300	\$176,300	H
26-20-6055-044	\$194,400	\$194,400	N
26-20-6055-045	\$157,800	\$157,800	H
26-20-6055-046	\$157,800	\$157,800	H
26-20-6055-047	\$167,000	\$167,000	N

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-C: Current Tax Roll -- Strathdale Manor

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Full Assessed Value July 1, 2015</b>	<b>Homeowner Credit Status</b>
26-20-6055-048	\$141,600	\$141,600	H
26-20-6055-049	\$190,000	\$190,000	H
26-20-6055-050	\$171,900	\$171,900	H
26-20-6055-051	\$262,500	\$262,500	H
26-20-6055-052	\$285,200	\$285,200	H
26-20-6055-053	\$276,600	\$276,600	H
26-20-6055-054	\$272,000	\$272,000	H
26-20-6055-055	\$251,133	\$253,700	H
26-20-6055-056	\$248,200	\$248,200	H
26-20-6055-057	\$224,800	\$224,800	N
26-20-6055-058	\$223,600	\$223,600	H
26-20-6055-059	\$224,100	\$224,100	H
26-20-6055-060	\$140,000	\$140,000	H
26-20-6055-061	\$190,700	\$190,700	H
26-20-6055-062	\$233,700	\$233,700	H
26-20-6055-063	\$225,300	\$225,300	H
26-20-6055-064	\$248,900	\$248,900	H
26-20-6055-065	\$278,900	\$278,900	H
26-20-6055-066	\$206,500	\$206,500	H
26-20-6055-067	\$170,067	\$180,100	H
26-20-6055-068	\$184,200	\$193,300	H
26-20-6055-069	\$167,200	\$170,800	H
26-20-6055-070	\$223,200	\$223,200	H
26-20-6055-071	\$181,500	\$181,500	H
26-20-6055-072	\$160,000	\$160,000	H
26-20-6055-073	\$280,400	\$280,400	H
26-20-6055-074	\$250,233	\$275,000	H
26-20-6055-075	\$223,400	\$223,400	H
26-20-6055-076	\$234,400	\$234,400	H
26-20-6055-077	\$213,100	\$213,100	H



***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX REPORT***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-C: Current Tax Roll -- Strathdale Manor

**Assessed Values**

<b>Parcel</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Full Assessed Value July 1, 2015</b>	<b>Homeowner Credit Status</b>
26-20-6055-078	\$298,500	\$298,500	H
26-20-6055-079	\$238,100	\$238,100	H
26-20-6055-080	\$248,500	\$248,500	H
26-20-6055-081	\$233,200	\$233,200	H
26-20-6055-082	\$242,300	\$242,300	H
26-20-6055-083	\$236,600	\$236,600	H
26-20-6055-084	\$257,800	\$257,800	H
26-20-6055-085	\$232,400	\$232,400	H
26-20-6055-086	\$233,200	\$233,200	H
26-20-6055-087	\$235,800	\$235,800	H
26-20-6055-088	\$187,000	\$187,000	H
26-20-6055-089	\$216,200	\$216,200	H
26-20-6055-090	\$201,500	\$201,500	N
26-20-6055-091	\$193,900	\$193,900	H
26-20-6055-092	\$230,200	\$230,200	H
26-20-6055-093	\$248,000	\$248,000	H
26-20-6055-094	\$214,400	\$214,400	H
26-20-6055-095	\$208,100	\$208,100	H
26-20-6055-096	\$246,200	\$246,200	H
26-20-6055-097	\$229,900	\$229,900	H
26-20-6055-098	\$259,900	\$259,900	H
26-20-6055-098A	\$100	\$100	N
26-20-6055-098B	\$100	\$100	N
26-20-6055-098C	\$100	\$100	N
26-20-6055-098D	\$100	\$100	N
<b>Total</b>	<b>\$33,938,100</b>	<b>\$34,104,400</b>	

*MuniCap, Inc.*

*03-Jun-15*

***APPENDIX B TO TAX INCREMENT AND SPECIAL TAX STUDY***  
***Consolidated Special Obligation Refunding Bonds***  
***Series 2015***

Schedule I-D: Current Tax Roll -- North Locust Point

**Assessed Values**

<b>Account Number</b>	<b>Phase-in Assessed Value July 1, 2014</b>	<b>Phase-in Assessed Value July 1, 2015</b>	<b>Full Assessed Value January 1, 2016</b>	<b>Full Assessed Value January 1, 2017</b>	<b>Homestead Credit Status</b>
24-12-1976-001	\$57,305,500	\$57,508,267	\$57,711,034	\$57,913,800	N
24-12-1982-001	\$47,700	\$47,000	\$47,000	\$47,000	N
24-11-2024-006A	\$882,400	\$873,700	\$873,700	\$873,700	N
24-12-1981B-024	\$18,700	\$43,500	\$68,300	\$93,100	N
24-12-1981B-026	\$9,500	\$22,033	\$34,567	\$47,100	N
24-12-1981B-012	\$340,100	\$352,467	\$364,834	\$377,200	N
24-12-1981B-008	\$594,400	\$616,133	\$637,867	\$659,600	N
24-12-1987B-006 <sup>1</sup>	\$0	\$16,075,433	\$17,631,367	\$19,187,300	N
24-12-1987B-007 <sup>1</sup>	\$0	\$398,800	\$398,800	\$398,800	N
<b>Total</b>	<b>\$59,170,100</b>	<b>\$75,871,800</b>	<b>\$77,767,467</b>	<b>\$79,457,400</b>	

*MuniCap, Inc.*

<sup>1</sup>It is assumed that increment from these parcels is available for refunding bonds starting in fiscal year beginning 7/1/2015.

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**CERTAIN INFORMATION REGARDING THE CITY****Profile of the Government**

The Mayor and City Council of Baltimore (the “City”) is a body corporate and politic of the State of Maryland (the “State”) in which all local governmental functions are performed by the City. The City has had a charter form of government since 1797, home rule powers since 1918, and is governed by an elected Mayor, Comptroller and a City Council. The City has a total area of approximately 92 square miles and an estimated 2013 population of 622,104. The City is a major deep-water seaport located on the Patapsco River, a tributary of the Chesapeake Bay. It is served by Baltimore/Washington International Thurgood Marshall Airport in adjacent Anne Arundel County. The City is almost completely surrounded by Baltimore County, a separate entity, which borders the City on the east, north, west and part of the south. Anne Arundel County adjoins the City on its southern border.

The City provides the full range of municipal services contemplated by statute or charter, which are provided or paid for by the City from local, State or Federal sources. These services include public safety (police and fire protection), water and wastewater utilities, highways and streets, sanitation, health and human services, culture and recreation, education (elementary through high school, provided by a component unit, the Baltimore City Public School System), public improvements, planning and zoning, parking facilities, mortgage loan programs, industrial development, and general and administrative services. The City is also responsible for the adoption and maintenance of building codes, and regulation of licenses and permits, collection of certain taxes and revenues, maintenance of public records and the conduct of elections. These activities are included in the reporting entity. There are no overlapping local governmental entities or taxing jurisdictions. Accordingly, there is no overlapping debt of the City.

Under the Charter of the City (the “Charter”), the City’s executive functions are vested in the Mayor, the Board of Estimates and an independent Comptroller. The City’s legislative functions are vested in the City Council. The Mayor is the chief executive officer of the City. The Mayor is elected for a term of four years and is eligible to succeed herself without limitation as to the number of terms. If the Mayor is disabled or absent from the City, the President of the City Council acts as ex-officio Mayor. If the Mayor resigns, is permanently disqualified, or dies in office, the President of the City Council becomes Mayor for the remainder of the term. The Mayor has authority to veto ordinances, has power of appointment of most department heads and municipal officers, serves on the Board of Estimates and appoints two of the other four members of the Board of Estimates.

The Board of Estimates is the highest administrative body of the City. It is composed of the President of the City Council, who serves as President of the Board, the Mayor, the Comptroller, the City Solicitor and the Director of Public Works. The Board of Estimates formulates and determines City fiscal policy with its primary policy tool being the recommended annual Ordinance of Estimates, the City’s budget.

**Key Budgetary Policies**

*Balanced Budget:* The Charter requires the operating budget to be balanced. Any difference between non-property tax revenues and total expenditures are to be made up by adjusting the property tax rate or enactment of new revenue measures.

*Public Hearings:* The Charter mandates that both the Board of Estimates and the City Council conduct public hearings on the proposed budget.

*Timely Adoption:* The Charter sets forth a schedule requiring the budget to be adopted before the beginning of the fiscal year, July 1.

*Budget Amendment:* The Charter provides the means for adopting supplemental appropriations funded from unanticipated revenues and/or new grants and sources that materialize during the year. The City’s policy is to minimize the use of supplemental appropriations. In addition, the Charter allows for and spells out the procedures for amending the budget to transfer appropriations between programs within an agency and between agencies.

*Six Year Capital Plan:* Guiding the physical development budget plan of the City is the Charter requirement for a six year capital improvement plan, the first year comprising the capital budget year. The plan is prepared in conformance with basic capital budgeting policies, which include appropriating funds in the year in which projects are likely to begin, financing a portion of capital improvements from current revenues, and estimating the impact of capital projects on the operating budget.

*Budget Monitoring and Execution:* Budget analysts maintain ongoing contact with agency fiscal officers in the process of implementation and execution of the budget. Expenditure and revenue projections are developed and reviewed on a monthly basis. The Mayor, through the Department of Finance, exercises appropriate fiscal management to adjust budget policy, as necessary, to be within the limits of the current adopted plan. The City Council has the practice of reviewing budget performance at mid-year and during the fourth quarter.

*Debt Policy:* In 1990, the City adopted a formal debt policy which set annual borrowing limits, consolidated all financing arrangements within the Department of Finance, established refunding and refinancing policies, and set limits on key debt management ratios. The objective is to maintain the City's reputation as a locality having a conservative approach to all aspects of debt management, including debt service expenses, debt retirement schedules, and debt capacity ratios. The Debt Policy was last reviewed in December 2012 by an independent financial consultant contracted by the City. After considering the consultants recommendations, the City plans not to exceed \$65 million in budgeted annual general obligation debt.

*Budget Stabilization Reserve Policy:* In November 2008, the City's Board of Estimates approved a budget stabilization reserve policy that establishes the basis for having a budget stabilization reserve as well as identifying its maintenance level, scope of coverage, circumstances under which funds shall be drawn down from the reserve, and the requirements to replenish the reserve when utilized. The policy stipulates that the reserve serves to provide a budget defense to stabilize a postadopted budget that has been impacted by an uncorrectable shortfall in revenues and/or an unanticipated and uncorrectable emergency expense. The reserve is the revenue source of last resort to avoid a budget deficit. Under no circumstances is the reserve to be used as a revenue source to balance a planning year budget. The policy further stipulates that the reserve shall be maintained on any June 30 at a minimum level of 8% of the value of the general fund operating budget of the subsequent fiscal year.

## **OTHER FINANCIAL INFORMATION**

### **Retirement Plans**

Professional employees of both the Baltimore City Public School System and the Enoch Pratt Free Library, an agency of the City, are members of the State of Maryland Retirement System to which the City is not required to contribute. The City contributes to four retirement plans established for all other City employees and elected officials.

City laws require that contributions to its three funded pension systems be based on actuarial valuations. City contributions to the Unfunded Fire and Police Plan (for eligible employees hired prior to January 1, 1947, all of whom are now retired) are not actuarially determined and these benefits are paid from annual appropriations.

### **Temporary Investment of Cash Balances**

The City, through the Office of the Director of Finance, pursues an aggressive cash management and investment program to achieve maximum financial return on available funds. Depending on cash needs, excess funds are invested on a short, intermediate or long-term basis at best obtainable rates. Investments are limited generally to direct or indirect obligations of the U.S. government and fully collateralized repurchase agreements. The City utilizes the practice of recording investment income in the period in which it is earned.

## **Risk Management**

The City is self-insured in the area of casualty and property losses, including the uninsured portion of losses to City buildings and contents, vehicles, watercraft, boilers, machinery, workers' compensation and employers' liability, employees' health insurance, third party general liability, civil rights liability and automobile liability losses. The Office of Risk Management, within the Department of Finance, administers the fund.

## **Internal Control**

City management is responsible for establishing and maintaining effective internal control over financial reporting.

## **ECONOMIC PROFILE AND OUTLOOK**

Baltimore is the historic, business, education and cultural center of Maryland. The City benefits from being in one of the wealthiest states in the nation and is the northern anchor of the Washington-Baltimore-Northern Virginia Combined Statistical Area — one of the largest, wealthiest and best educated population centers in the country. The City's economy has traditionally benefited from its location, as it is accessible to a large and diversified workforce. With an excellent highway and rail transportation system, the City is able to access both mid-western and north-eastern markets in support of its international port activity. About 330,007 or 26.6% of the 1.24 million jobs in the metropolitan area are located in the City. The City has become less dependent on traditional manufacturing industries. Manufacturing jobs comprise only 3.7% of the City's total jobs, which represents a lower percentage than the region and the State. However, health care and education related services continue to be the leading employment industry, representing 30.3% of the 2012 jobs located in the City; a proportion that is considerably higher than the regional and State totals of 15.9% and 18.6%, respectively. The prominence of health care and knowledge-related industries is reflected in the City's major employers. Among the ten largest nongovernmental employers, nine are health care and education-related entities and one is a utility service provider. The City derives economic strength from the number of jobs in the growing health care sector, and in the knowledge-informationbased education and information services sectors. An increasing number of workers in the Washington, D.C. and Northern Virginia areas commute to jobs from homes in Baltimore.

The City supports and builds on the strengths of its internationally renowned higher education and health care institutions, most notably the Johns Hopkins Hospital and Health System—the world's premier medical facility, and the University of Maryland School of Medicine—the nation's first public medical school and one of the nation's largest public medical school research dollar recipients. Between fiscal year 2011 and fiscal year 2013, a total of \$1.7 billion of major development in the City related to higher education and health care institutions was completed, and another \$805 million was under construction, including the Johns Hopkins Hospital – New Clinical Building, the Mercy Medical Center – Mary Catherine Bunting Center, the Maryland Proton Treatment Center, the Science and Technology Park at Johns Hopkins University, and the University of Maryland Medical System's shock trauma expansion.

The population trend is often considered the single most important economic factor in the City due to the fact that Baltimore's population peaked at 949,708 in 1950, and has declined to 622,104 in 2013. This 60-year trend reflects an average monthly drop of 433 persons with some decades experiencing faster drops than others. The 1970's saw the greatest declines. During this period, population loss approached 12,000 per year, or 1,000 per month; however, the loss rate has declined in recent years, experiencing an average monthly drop of 170 people since 2000. Additionally, according to the latest United States Census Bureau's population estimate, the City gained 894 new residents from 2010 to 2013, for an average net gain of 25 people per month since then.

On February 20, 2013, the Mayor released "Change to Grow: A Ten-Year Financial Plan for Baltimore. The Ten-Year Plan," a first of its kind for the City, which calls for comprehensive reforms to close a projected \$745.0 million structural budget deficit in order to make Baltimore's taxes more competitive, increase infrastructure investment, and reduce the City's long-term pension and health care liabilities. Implementation of the Ten-Year Plan began in fiscal year 2013 with two key initiatives: a program to reduce the effective property tax rate for owner-occupied properties, and health benefit changes for employees and retirees. Implementation of additional "Ten Year Plan" initiatives has occurred in fiscal years 2014 and 2015 and will remain ongoing.

On May 18, 2015, the United States Supreme Court issued its decision in *Maryland State Comptroller of the Treasury v. Brian Wynne, et al.*, 431 Md. 147 (2013), a case to which the City is not a party, affirming the Maryland Court of Appeals ruling that counties (including the City) are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state. As a result, each county (including the City) in the State is likely to realize a reduction in income tax revenue distributions from the State. The City estimates that it could lose approximately \$1,400,000 in tax revenue each year on a going-forward basis. In addition, tax payers who were eligible to claim the credit on their local income tax returns from 2011, and possibly as far back as 2006, may be eligible for refunds. The City estimates that it could be obligated to pay refunds of approximately \$4,500,000 (including interest) for eligible claims going back to 2011, and of approximately \$5,600,000 (including protected claims and interest) in the aggregate for eligible claims going back to 2006. In anticipation of this decision, the City has deferred realization of approximately \$4,200,000 in income tax revenue to pay potential refunds.

#### **CERTAIN STATISTICAL INFORMATION\***

##### **Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years**

(Dollars Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2004	\$17,844,363	\$18,594,723	\$1,764,282	\$1,764,282	\$19,608,645	\$20,359,005	96.3%	\$2.460
2005	18,781,171	19,783,195	1,847,190	1,847,190	20,628,361	21,630,385	95.4	2.460
2006	19,918,443	21,334,553	1,783,249	1,783,249	21,701,692	23,117,802	93.9	2.440
2007	21,254,392	23,236,872	1,893,973	1,893,973	23,148,365	25,130,845	92.1	2.400
2008	23,943,402	27,398,671	1,965,726	1,965,726	25,909,128	29,364,397	88.2	2.380
2009	26,601,299	32,038,540	2,145,251	2,145,251	28,746,550	34,183,791	84.1	2.380
2010	28,511,521	35,600,999	1,805,889	1,805,889	30,317,410	37,406,888	81.0	2.380
2011	29,613,826	36,799,638	1,767,656	1,767,656	31,381,482	38,567,294	81.4	2.380
2012	28,762,325	35,431,581	1,878,997	1,878,997	30,641,322	37,310,578	82.1	2.380
2013	28,844,799	34,386,667	1,845,424	1,845,424	30,690,223	36,232,091	84.7	2.380

Note: Assessed values are established by the Maryland State Department of Assessments on July 1 of each year. Each real property's assessment is re-evaluated every three years. Tax rates are for each \$100 of assessed valuation.

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\* Source: City of Baltimore Comprehensive Annual Financial Report Year Ended June 30, 2013

# CITY OF BALTIMORE

## Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Fiscal Year	Assessed Value	General Obligations Bonds	Funds Available In Debt Service Fund (1)	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita (2)
2004	\$17,844,363	\$579,382	\$18,099	\$561,283	2.76%	\$873.32
2005	18,781,171	579,960	27,503	552,457	2.55	868.23
2006	19,918,443	588,604	26,082	562,522	2.43	884.73
2007	21,254,392	609,950	30,296	579,654	2.31	909.33
2008	23,943,402	646,533	82,579	563,954	1.92	885.44
2009	26,601,299	629,018	41,240	587,778	1.72	922.12
2010	28,511,521	631,993	41,319	590,674	1.58	951.23
2011	29,613,826	630,957	36,261	594,696	1.54	959.97
2012	28,762,325	570,148	36,796	533,352	1.69	917.61
2013	28,844,799	569,097	45,523	523,574	1.45	873.32

Notes:

(1) Externally restricted for repayment of principal on debt.

(2) Per capita calculations utilize calendar year figures provided by U.S. Department of Commerce, Census Bureau in thousands.

## PRINCIPAL TAXPAYERS

(Dollars Expressed in Thousands)

	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
BGE (Baltimore Gas & Electric Company).....	\$ 682,593	1	2.2%	\$ 565,845	1	2.9%
Verizon-Maryland .....	197,766	2	0.6	390,601	2	2.0
CSX Transportation, Inc. ....	191,840	3	0.6	77,236	6	0.4
100 East Pratt Street Business .....	175,700	4	0.6			
Harbor East Limited – Parcel B .....	170,000	5	0.6			
Baltimore Hotel Corporation .....	163,991	6	0.5			
Baltimore Center Associates .....	159,241	7	0.5	145,919	3	0.7
Harbor East Limited .....	151,857	8	0.5	103,342	5	0.5
New Community College of Baltimore .....	76,834	9	0.3			
Canton Crossing Tower, LLC .....	74,180	10	0.2			
ABB South Street Associates .....				76,000	7	0.4
Boston Properties, Inc. ....				134,360	4	0.7
TMCT, LLC .....				61,128	8	0.3
Travis Real Estate Group .....				57,811	9	0.3
U.S. Bank National .....				55,205	10	0.3
<b>TOTAL</b>	<b>\$ 2,044,002</b>		<b>6.6%</b>	<b>\$ 1,667,447</b>		<b>8.5%</b>



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**INDENTURE OF TRUST**

**by and between**

**MAYOR AND CITY COUNCIL OF BALTIMORE**

**and**

**MANUFACTURERS AND TRADERS TRUST COMPANY**

**as Trustee**

**Dated as of June 1, 2015**

**\$20,195,000**

**MAYOR AND CITY COUNCIL OF BALTIMORE**

**(CITY OF BALTIMORE, MARYLAND)**

**CONSOLIDATED SPECIAL OBLIGATION REFUNDING BONDS**

**(TAX INCREMENT FINANCING PROJECTS)**

**SERIES 2015**

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## INDENTURE OF TRUST

**THIS INDENTURE OF TRUST** (the “**Indenture**”) dated as of June 1, 2015, is by and between **MAYOR AND CITY COUNCIL OF BALTIMORE**, a body corporate and politic and a political subdivision of the State of Maryland (the “**City**”), and Manufacturers and Traders Trust Company, a New York banking corporation, as trustee (the “**Trustee**”).

### RECITALS

The City is authorized under Article II, Section (62) of the Baltimore City Charter (1996 Edition), as amended (the “**Tax Increment Act**”), to designate by ordinance an area within Baltimore City as a “development district” and to establish a special tax increment fund with respect to such development district into which the revenues and receipts from the real property taxes representing the levy on the Tax Increment (hereinafter defined) for such development district are deposited, such amounts to be used for the purposes set forth in the Tax Increment Act. The Tax Increment Act also authorizes the City to issue bonds, notes, or other obligations from time to time to finance the development, redevelopment, revitalization and renovation, and related costs, of the development district. The Tax Increment Act also authorizes the City, acting by and through its Board of Finance (the “**Board of Finance**”), to issue its bonds for the purpose of refunding any bonds authorized to be issued under the provisions of the Tax Increment Act.

The City is authorized under Article II, Section (62A) of the Baltimore City Charter (1996 Edition), as amended (the “**Special Taxing District Act**,” and together with the Tax Increment Act, the “**Acts**”), to create a special taxing district, to levy *ad valorem* or special taxes and to issue bonds, notes, or other obligations for the purpose of financing, refinancing or reimbursement for the cost of infrastructure improvements as necessary for the development and utilization of the land in a defined geographic region within the City of Baltimore. The Special Taxing District Act also authorizes the City, acting by and through the Board of Finance, to issue its bonds for the purpose of refunding any bonds authorized to be issued under the provisions of the Special Taxing District Act.

Pursuant to the Acts, the Board of Finance of the City has adopted a Resolution on March 23, 2015 (the “**Series 2015 Resolution**”) which, *inter alia*, authorized the issuance by the City from time to time in one or more series of its special obligation refunding bonds or notes pursuant to one or more indentures in the maximum aggregate principal amount of \$20,195,000 for the purpose of refunding all or a portion of the Prior Bonds (defined herein) and specified and prescribed certain additional matters pertaining to the Series 2015 Bonds (defined herein).

Pursuant to the Acts and the Series 2015 Resolution, the City and the Trustee are entering into this Indenture for the purpose of authorizing the Series 2015 Bonds, the proceeds of which shall be used for the public purposes of (i) refunding the City’s outstanding Special Obligation Bonds (Harborview Lot #2 Project) Series 2003 (the “**Harborview Prior Bonds**”), Special Obligation Bonds (Strathdale Manor Project) Series 2004 (the “**Strathdale Prior Bonds**”), Special Obligation Bonds (Clipper Mill Project) Series 2004 (the “**Clipper Mill Prior Bonds**”), and Special Obligation Bonds (North Locust Point Project) Series 2005 (the “**North Locust Point Prior Bonds**” and together with the Harborview Prior Bonds, the Strathdale Prior Bonds, and the Clipper Mill Prior Bonds, the “**Prior Bonds**”), (ii) funding deposits to certain accounts within the Reserve Fund (defined herein), and (iii) paying certain costs of issuance of the Series 2015 Bonds and certain other administrative, legal, financing and other costs. The Series 2015 Bonds are special obligations of the City, payable solely from the Pledged Revenues (defined herein) and certain other assets and revenues pledged by the City under the Ordinances (defined herein) and this Indenture, including certain other funds held by the Trustee hereunder, *provided that* the Pledged Revenues are not irrevocably pledged to the payment of the principal of and interest on the Series 2015

Bonds, and the obligation to pay the principal of and interest on the Series 2015 Bonds from the Pledged Revenues is subject to annual appropriation by the City.

The Series 2015 Bonds do not constitute a general obligation debt of the City or pledge of the City's full faith and credit or taxing power. The Series 2015 Bonds do not constitute an indebtedness of the City within the meaning of Section 7 of Article XI of the Maryland State Constitution or any other constitutional, charter or statutory provision. Except for the Pledged Revenues, no other taxes or assessments are pledged to the payment of the Series 2015 Bonds.

## **GRANTING CLAUSES**

The City, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, of the purchase and acceptance of the Bonds (defined herein) by the owners thereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure (i) to the extent and priority provided herein, the payment of the principal or Redemption Price (defined herein) of and interest on the Series 2015 Bonds according to their tenor and effect, (ii) to the extent and priority provided herein and in any Supplemental Indenture (defined herein), the payment of the principal or Redemption Price of and interest on any Additional Bonds (defined herein), and (iii) the performance and observance by the City of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, assign and pledge, and grant a security interest in, the following to the Trustee and its successors in trust and assigns forever, subject only to the provisions of this Indenture permitting the application thereof on the terms and conditions set forth in this Indenture:

### **GRANTING CLAUSE FIRST**

All of the right, title and interest of the City in and to (i) all of the Pledged Revenues and (ii) all moneys from time to time on deposit in the Debt Service Fund (defined herein) and the Reserve Fund, and any accounts therein, the Tax Increment Funds, the Special Tax Funds, and the Excess Tax Increment Revenue Account (as such terms are defined herein) created pursuant to the Acts, the Ordinances, and/or this Indenture, as applicable; *provided that* the Pledged Revenues are not irrevocably pledged hereby, but the obligation of the City to pay over any amounts in the Tax Increment Funds, the Special Tax Funds, and the Excess Tax Increment Revenue Account to the Trustee pursuant to this Indenture is subject to annual appropriation of such amounts by the City for such purposes.

### **GRANTING CLAUSE SECOND**

All of the right, title and interest of the City in and to any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the City or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof (all of the property conveyed by the foregoing granting clauses being herein referred to as the "**Trust Estate**");

**TO HAVE AND TO HOLD** all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever upon the terms and trusts herein set forth for the equal and ratable benefit, protection and security of the Holders (defined herein) of the Series 2015 Bonds and, to the extent provided herein and in any Supplemental Indenture authorizing the issuance of Additional Bonds, the Holders of such Additional Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond except as expressly provided in Article IV and elsewhere herein or permitted hereby;

**PROVIDED, HOWEVER,** that if the City shall well and truly pay, or cause to be paid, the principal or Redemption Price of and interest on the Bonds according to the true intent and meaning thereof, or shall provide for the payment thereof as permitted by Article VIII, and shall perform and observe all the covenants and conditions of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon compliance with Article VIII, the lien of this Indenture shall be discharged and satisfied; otherwise this Indenture shall be and remain in full force and effect.

All Bonds issued and secured hereunder are to be issued, authenticated and delivered and all such property, rights and interest, including (without limitation) the amounts hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms and conditions hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant with the Trustee and with any owner of the Bonds as follows (subject, however, to the provisions of Section 5.02):

## **ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION**

**Section 1.01. Definitions.** Terms used in this Indenture shall have the meanings set forth in this Section unless a different meaning clearly appears from the context.

“**Acts**” means, collectively, the Tax Increment Act and the Special Taxing District Act.

“**Additional Bonds**” means any Bonds issued by the City pursuant to Section 2.04.

“**Additional Bonds Resolution**” means a resolution of the Board of Finance of the City authorizing the issuance of Additional Bonds that specifies the principal amount of such Additional Bonds and other matters relative thereto.

“**Additional District**” means, as context may dictate, any development district and/or special taxing district the revenues of which are pledged, subject to appropriation, to the payment of the Bonds in accordance with Section 2.04.

“**Administration Agreement**” or “**Administration Agreements**” means, individually or collectively, as applicable, the Harborview Administration Agreement, the Strathdale Administration Agreement, the Clipper Mill Administration Agreement, the North Locust Point Administration Agreement, and any Administration Agreement relating to any Additional District.

“**Administrative Expense Fund**” means the “Series 2015 Administrative Expense Fund” established pursuant to Section 4.01.

“**Administrator**” means the entity selected by the City to perform any and all tasks set forth in Section 6.16 and those tasks specified in the Administration Agreements. As of the date hereof, MuniCap, Inc. shall act as the Administrator.

“**Aggregate Volatility Ratio**” means, as of any date of calculation, the total combined Original Taxable Value of all of the Development Districts divided by the total phased-in assessed value of all taxable property within all of the Development Districts as of the then-current Fiscal Year or any other targeted Fiscal Year after such date of calculation.



**“Annual Debt Service”** means, as it relates to the Bonds, or any portion thereof, for each Fiscal Year, the sum of (1) the interest due on the Outstanding Bonds in such Fiscal Year; and (2) the principal of and the Sinking Fund Installments for the Outstanding Bonds due in such Fiscal Year.

**“Assessable Base”** shall, when referring to real property in a Development District, have the meaning given such term in the applicable Tax Increment Ordinance.

**“Assessment Ratio”** shall, when referring to real property in a Development District, have the meaning given such term in the applicable Tax Increment Ordinance.

**“Authorized Denominations”** means (i) in the case of the Series 2015 Bonds, \$5,000 and integral multiples thereof and (ii) in the case of any Additional Bonds, such denomination as shall be specified in the Supplemental Indenture authorizing the issuance thereof.

**“Authorized Officer”** means each of the Director of Finance of the City, the Deputy Director of Finance of the City, the Chief, Bureau of Treasury Management of the City and any other officer or employee designated to act on behalf of the City by a written certificate signed by the Director of Finance of the City. Such certificate may designate an alternate or alternates.

**“Bond Counsel”** means McGuireWoods LLP or any attorney or firm of attorneys selected by the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

**“Bond Documents”** shall have the meaning set forth in Section 9.01.

**“Bond Register”** means the books for the registration and transfer of Bonds maintained by the Trustee under Section 2.06.

**“Bond Year”** shall have the meaning set forth in the Section 148 Certificate.

**“Bonds”** means the Series 2015 Bonds and any Additional Bonds that may be issued under this Indenture.

**“Business Day”** means any day other than a Saturday, Sunday or legal holiday in the State observed as such by the City or the Trustee.

**“City”** means the Mayor and City Council of Baltimore, a body politic and corporate and a political subdivision of the State of Maryland.

**“City Expenses”** means the fees and expenses of the Trustee, the expenses of the City in carrying out its duties under this Indenture, including, but not limited to, levying and collecting the Tax Increment Revenues and the Special Taxes and complying with arbitrage rebate requirements and obligated person 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 these services, including without limitation, the Administrator and all other costs and expenses of the City and the Trustee incurred in connection with the discharge of their duties under this Indenture, including legal expenses associated with those duties, and in any way related to the administration of the Districts.

**“Clipper Mill Administration Agreement”** means the Agreement for Administrative Services, dated April 4, 2004, by and between the City and the Administrator, with respect to the Clipper Mill Districts, as amended or supplemented from time to time.

**“Clipper Mill Administrative Expense Account”** shall mean the “Clipper Mill Administrative Expense Account” within the “Series 2015 Administrative Expense Fund” established pursuant to Section 4.01.

**“Clipper Mill Debt Service”** means the scheduled amount of interest and amortization of principal (including Sinking Fund Installments) payable on the Clipper Mill Refunding Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period. Initially, the Clipper Mill Debt Service is set forth in Exhibit C attached hereto and if any adjustments are required, such adjustments shall be made by the City and the Administrator and written notice shall be provided to the Trustee.

**“Clipper Mill Debt Service Account”** shall mean the “Clipper Mill Debt Service Account” within the “Series 2015 Debt Service Fund” established pursuant to Section 4.01.

**“Clipper Mill Development District”** means the Clipper Mill Development District established pursuant to the Clipper Mill Tax Increment Ordinance.

**“Clipper Mill Districts”** means, collectively, the Clipper Mill Development District and the Clipper Mill Special Taxing District.

**“Clipper Mill Indenture”** means the Indenture of Trust, dated as of April 1, 2004, by and between the City and the Trustee, as trustee thereunder.

**“Clipper Mill Maximum Special Tax”** means the Maximum Special Tax set forth in the Clipper Mill Rate and Method.

**“Clipper Mill Prior Bonds”** shall have the meaning set forth in the Recitals.

**“Clipper Mill Rate and Method”** means the “Clipper Mill Special Taxing District Rate and Method of Apportionment of Special Taxes” included as Exhibit 2 to the Clipper Mill Special Taxing District Ordinance, as amended and supplemented from time to time.

**“Clipper Mill Refunding Bonds”** shall have the meaning set forth in Section 2.01.

**“Clipper Mill Reserve Account”** shall mean the “Clipper Mill Reserve Account” within the “Series 2015 Reserve Fund” established pursuant to Section 4.01.

**“Clipper Mill Reserve Requirement”** means, as of any date of calculation, when used with respect to the Clipper Mill Reserve Account maintained for the Clipper Mill Refunding Bonds, an amount equal to fifty percent (50%) of the Maximum Annual Debt Service on the outstanding Clipper Mill Refunding Bonds secured thereby as of the date of determination.

**“Clipper Mill Special Tax Fund”** means the Clipper Mill Special Taxing District Fund established by the Clipper Mill Special Taxing District Ordinance.

**“Clipper Mill Special Tax Revenues”** means the revenues and receipts from the Clipper Mill Special Taxes received by the City, including any scheduled payments thereof, interest thereon and the net proceeds of redemption or sale of property sold as a result of foreclosure of the lien of the Clipper Mill Special Taxes up to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent Clipper Mill Special Taxes but excluding any expenses of sale or any other

administrative expenses collected by the City in connection with such delinquent taxes, but only to the extent that such amounts are appropriated by the City.

**“Clipper Mill Special Taxes”** means the special taxes levied within the Clipper Mill Special Taxing District pursuant to the Special Taxing District Act, the Clipper Mill Special Taxing District Ordinance and this Indenture.

**“Clipper Mill Special Taxing District”** means the Clipper Mill Special Taxing District established pursuant to the Clipper Mill Special Taxing District Ordinance.

**“Clipper Mill Special Taxing District Ordinance”** means Ordinance 03-631 of the City Council passed on November 24, 2003, approved by the Mayor of the City on December 2, 2003, and effective on December 2, 2003, as it may be supplemented and amended from time to time.

**“Clipper Mill Tax Increment”** means, for any tax year, the amount by which the Assessable Base of all real property in the Clipper Mill Development District as of January 1 preceding that tax year exceeds the Original Taxable Value of all real property in the Clipper Mill Development District, divided by the Assessment Ratio, if applicable, used to determine the Original Taxable Value.

**“Clipper Mill Tax Increment Fund”** means the Clipper Mill Development District Fund established by the Clipper Mill Tax Increment Ordinance.

**“Clipper Mill Tax Increment Ordinance”** means Ordinance No. 03-633 passed by the City Council of the City on November 24, 2003, approved by the Mayor of the City on December 3, 2003, and effective on December 3, 2003, as it may be supplemented and amended from time to time.

**“Clipper Mill Tax Increment Revenues”** means the revenues and receipts from the property taxes representing the levy on the Clipper Mill Tax Increment that would normally be paid to the City, including any scheduled payments thereof, interest thereon and a portion of the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien equal to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, in each case to the extent attributable to such levy, and amounts deposited in the Clipper Mill Tax Increment Fund or any other fund into which all or any part of these revenues and receipts are deposited, but only to the extent that such amounts are appropriated by the City. No State real property taxes constitute Clipper Mill Tax Increment Revenues.

**“Closing Date”** means the date on which there is delivery of the Series 2015 Bonds in exchange for the purchase price thereof.

**“Code”** means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 2015 Bonds and as it may be amended to apply to any Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published under the Code.

**“Costs of Issuance”** means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Series 2015 Bonds and any Additional Bonds, including (without limitation) expenses incurred by the City in connection with the administration of the Development Districts and the Special Taxing Districts in relation to such sale or issuance.

**“Costs of Issuance Fund”** means the “Series 2015 Costs of Issuance Fund” established pursuant to Section 4.01.

**“Debt Service”** means the scheduled amount of interest and amortization of principal (including Sinking Fund Installments) payable on the Bonds, or any portion thereof, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

**“Debt Service Fund”** means the “Series 2015 Debt Service Fund” established pursuant to Section 4.01.

**“Deficient Debt Service”** shall have the meaning set forth in Section 4.06(G).

**“Development District”** or **“Development Districts”** means, individually or collectively, as applicable, the Harborview Development District, the Strathdale Development District, the Clipper Mill Development District, the North Locust Point Development District, and any Additional District.

**“Disclosure Agreement”** means the Continuing Disclosure Agreement among the City, the Trustee, and the Administrator dated as of June 1, 2015.

**“Districts”** means, collectively, the Development Districts and the Special Taxing Districts.

**“Excess Tax Increment Revenue Account”** means the “Series 2015 Excess Tax Increment Revenue Account” established pursuant to Section 4.01.

**“Excess Tax Increment Revenues”** means amounts in the Excess Tax Increment Revenue Account, but only to the extent that such amounts are appropriated by the City to the payment of Debt Service due on any Bonds.

**“Fiscal Year”** means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding calendar year, both dates inclusive.

**“Government Obligations”** means an obligation for which the United States has pledged its faith and credit for the payment of the principal and interest.

**“Harborview Administration Agreement”** means the Agreement for Administrative Services, dated May 14, 2003, by and between the City and the Administrator, with respect to the Harborview Districts, as amended or supplemented from time to time.

**“Harborview Administrative Expense Account”** shall mean the “Harborview Administrative Expense Account” within the “Series 2015 Administrative Expense Fund” established pursuant to Section 4.01.

**“Harborview Debt Service”** means the scheduled amount of interest and amortization of principal (including Sinking Fund Installments) payable on the Harborview Refunding Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period. Initially, the Harborview Debt Service is set forth in Exhibit C attached hereto and if any adjustments are required, such adjustments shall be made by the City and the Administrator and written notice shall be provided to the Trustee.

**“Harborview Debt Service Account”** shall mean the “Harborview Debt Service Account” within the “Series 2015 Debt Service Fund” established pursuant to Section 4.01.

**“Harborview Development District”** means the Harborview Lot #2 Development District established pursuant to the Harborview Tax Increment Ordinance.

**“Harborview Districts”** means, collectively, the Harborview Development District and the Harborview Special Taxing District.

**“Harborview Indenture”** means the Indenture of Trust, dated as of May 1, 2003, by and between the City and the Trustee (as successor-in-interest to Allfirst Trust Company National Association), as trustee thereunder.

**“Harborview Maximum Special Tax”** means the Maximum Special Tax set forth in the Harborview Rate and Method.

**“Harborview Prior Bonds”** shall have the meaning set forth in the Recitals.

**“Harborview Rate and Method”** means the “Harborview Lot #2 Special Taxing District Rate and Method of Apportionment of Special Taxes” included as Exhibit 2 to the Harborview Special Taxing District Ordinance, as amended and supplemented from time to time.

**“Harborview Refunding Bonds”** shall have the meaning set forth in Section 2.01.

**“Harborview Reserve Account”** shall mean the “Harborview Reserve Account” within the “Series 2015 Reserve Fund” established pursuant to Section 4.01.

**“Harborview Reserve Requirement”** means, as of any date of calculation, when used with respect to the Harborview Reserve Account maintained for the Harborview Refunding Bonds, an amount equal to fifty percent (50%) of the Maximum Annual Debt Service on the outstanding Harborview Refunding Bonds secured thereby as of the date of determination.

**“Harborview Special Tax Fund”** means the Harborview Lot #2 Special Taxing District Fund established by the Harborview Special Taxing District Ordinance.

**“Harborview Special Tax Revenues”** means the revenues and receipts from the Harborview Special Taxes received by the City, including any scheduled payments thereof, interest thereon and the net proceeds of redemption or sale of property sold as a result of foreclosure of the lien of the Harborview Special Taxes up to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent Harborview Special Taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, but only to the extent that such amounts are appropriated by the City.

**“Harborview Special Taxes”** means the special taxes levied within the Harborview Special Taxing District pursuant to the Special Taxing District Act, the Harborview Special Taxing District Ordinance and this Indenture.

**“Harborview Special Taxing District”** means the Harborview Lot #2 Special Taxing District established pursuant to the Harborview Special Taxing District Ordinance.

**“Harborview Special Taxing District Ordinance”** means Ordinance No. 02-337 passed by the City Council of the City on May 6, 2002, approved by the Mayor of the City on May 16, 2002, and effective on May 16, 2002, as it may be supplemented and amended from time to time.

**“Harborview Tax Increment”** means, for any tax year, the amount by which the Assessable Base of all real property in the Harborview Development District as of January 1 preceding that tax year exceeds the Original Taxable Value of all real property in the Harborview Development District, divided by the Assessment Ratio, if applicable, used to determine the Original Taxable Value.

**“Harborview Tax Increment Fund”** means the Harborview Lot #2 Development District Fund established by the Harborview Tax Increment Ordinance.

**“Harborview Tax Increment Ordinance”** means Ordinance No. 02-336 passed by the City Council of the City on May 6, 2002, approved by the Mayor of the City on May 16, 2002, and effective on May 16, 2002, as it may be supplemented and amended from time to time.

**“Harborview Tax Increment Revenues”** means the revenues and receipts from the property taxes representing the levy on the Harborview Tax Increment that would normally be paid to the City, including any scheduled payments thereof, interest thereon and a portion of the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien equal to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, in each case to the extent attributable to such levy, and amounts deposited in the Harborview Tax Increment Fund or any other fund into which all or any part of these revenues and receipts are deposited, but only to the extent that such amounts are appropriated by the City. No State real property taxes constitute Harborview Tax Increment Revenues.

**“Holder,”** or **“holder”** or **“Bondholder”** means any person who shall be the Registered Owner of any Outstanding Bond.

**“Indenture”** means this Indenture of Trust, as it may be amended or supplemented from time to time by any Supplemental Indenture adopted pursuant to the provisions hereof.

**“Independent Financial Consultant”** means the Administrator or any other consultant or firm of consultants appointed by the City, and who, or each of whom: (i) is judged by the Director of Finance of the City to have experience in matters relating to the issuance or administration of bonds under the Acts; (ii) is in fact independent; (iii) does not have any substantial interest, direct or indirect, with or in service of the City, or any owner of real property in the Districts; and (iv) is not an officer or employee of the City, but who may be regularly retained to make reports to the City.

**“Interest Payment Date(s)”** means June 15 and December 15 of each year, commencing December 15, 2015, and with respect to any Additional Bonds, the dates established in the Supplemental Indenture authorizing the issuance thereof.

**“Maturity Date”** means June 15, 2033.

**“Maximum Annual Debt Service”** means, as of any date of calculation, with respect to the Bonds, or any portion thereof, the largest Annual Debt Service on the Bonds, or such portion thereof, Outstanding for the then-current or any Fiscal Year after such date of calculation.

**“Maximum Special Tax”** means the sum of (i) the Harborview Maximum Special Tax, the Strathdale Maximum Special Tax, the Clipper Mill Maximum Special Tax, and the North Locust Point Maximum Special Tax and (ii) in the case of the issuance of any Additional Bonds that are secured by pledge of Special Taxes from an Additional District, the “maximum special tax” as set forth in the applicable Rate and Method for such Additional District.

**“North Locust Point Administration Agreement”** means the Agreement for Administrative Services, dated August 25, 2005, by and between the City and the Administrator, with respect to the North Locust Point Districts, as amended or supplemented from time to time.

**“North Locust Point Administrative Expense Account”** shall mean the “North Locust Point Administrative Expense Account” within the “Series 2015 Administrative Expense Fund” established pursuant to Section 4.01.

**“North Locust Point Debt Service”** means the scheduled amount of interest and amortization of principal (including Sinking Fund Installments) payable on the North Locust Point Refunding Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period. Initially, the North Locust Point Debt Service is set forth in Exhibit C attached hereto and if any adjustments are required, such adjustments shall be made by the City and the Administrator and written notice shall be provided to the Trustee.

**“North Locust Point Debt Service Account”** shall mean the “North Locust Point Debt Service Account” within the “Series 2015 Debt Service Fund” established pursuant to Section 4.01.

**“North Locust Point Development District”** means the North Locust Point Development District established pursuant to the North Locust Point Tax Increment Ordinance.

**“North Locust Point Districts”** means, collectively, the North Locust Point Development District and the North Locust Point Special Taxing District.

**“North Locust Point Indenture”** means the Indenture of Trust, dated as of August 1, 2005, by and between the City and U.S. Bank, National Association (as successor-in-interest to Wachovia Bank, National Association), as trustee thereunder.

**“North Locust Point Maximum Special Tax”** means the Maximum Special Tax set forth in the North Locust Point Rate and Method.

**“North Locust Point Prior Bonds”** shall have the meaning set forth in the Recitals.

**“North Locust Point Rate and Method”** means the “North Locust Point Special Taxing District Rate and Method of Apportionment of Special Taxes” included as Exhibit 2 to the North Locust Point Special Taxing District Ordinance, as amended and supplemented from time to time.

**“North Locust Point Refunding Bonds”** shall have the meaning set forth in Section 2.01.

**“North Locust Point Reserve Account”** shall mean the “North Locust Point Reserve Account” within the “Series 2015 Reserve Fund” established pursuant to Section 4.01.

**“North Locust Point Reserve Requirement”** means, as of any date of calculation, when used with respect to the North Locust Point Reserve Account maintained for the North Locust Point Refunding

Bonds, an amount equal to fifty percent (50%) of the Maximum Annual Debt Service on the outstanding North Locust Point Refunding Bonds secured thereby as of the date of determination.

**“North Locust Point Special Tax Fund”** means the North Locust Point Special Taxing District Fund established by the North Locust Point Special Taxing District Ordinance.

**“North Locust Point Special Tax Revenues”** means the revenues and receipts from the North Locust Point Special Taxes received by the City, including any scheduled payments thereof, interest thereon and the net proceeds of redemption or sale of property sold as a result of foreclosure of the lien of the North Locust Point Special Taxes up to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent North Locust Point Special Taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, but only to the extent that such amounts are appropriated by the City.

**“North Locust Point Special Taxes”** means the special taxes levied within the North Locust Point Special Taxing District pursuant to the Special Taxing District Act, the North Locust Point Special Taxing District Ordinance, and this Indenture.

**“North Locust Point Special Taxing District”** means the North Locust Point Special Taxing District established pursuant to the North Locust Point Special Taxing District Ordinance.

**“North Locust Point Special Taxing District Ordinance”** means Ordinance 04-850 of the City Council passed on November 22, 2004, and approved by the Mayor and effective on November 29, 2004, as it may be supplemented and amended from time to time.

**“North Locust Point Tax Increment”** means, for any tax year, the amount by which the Assessable Base of all real property in the North Locust Point Development District as of January 1 preceding that tax year exceeds the Original Taxable Value of all real property in the North Locust Point Development District, divided by the Assessment Ratio, if applicable, used to determine the Original Taxable Value.

**“North Locust Point Tax Increment Fund”** means the North Locust Point Development District Fund established by the North Locust Point Tax Increment Ordinance.

**“North Locust Point Tax Increment Ordinance”** means, collectively, the North Locust Point 2003 Tax Increment Ordinance, the North Locust Point 2011 Tax Increment Ordinance, and the North Locust Point 2012 Tax Increment Ordinance.

**“North Locust Point 2003 Tax Increment Ordinance”** means Ordinance 03-642 of the City Council passed on December 8, 2003, approved by the Mayor of the City on December 22, 2003, and effective on December 22, 2003, as it may be supplemented and amended from time to time.

**“North Locust Point 2011 Tax Increment Ordinance”** means Ordinance No. 11-553 of the City Council passed on November 21, 2011, and approved by the Mayor of the City on November 22, 2011, and effective on November 22, 2011, as it may be supplemented and amended from time to time.

**“North Locust Point 2012 Bond Ordinance”** means Ordinance No. 12-69 passed by the City Council of the City on November 19, 2012, approved by the Mayor of the City on November 26, 2012, and effective on November 26, 2012, as it may be supplemented and amended from time to time.



**“North Locust Point 2012 Tax Increment Ordinance”** means Ordinance No. 12-68 of the City Council passed on November 19, 2012, approved by the Mayor of the City on November 26, 2012, and effective on November 26, 2012, and as it may be supplemented and amended from time to time.

**“North Locust Point Tax Increment Revenues”** means the revenues and receipts from the property taxes representing the levy on the North Locust Point Tax Increment that would normally be paid to the City, including any scheduled payments thereof, interest thereon and a portion of the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien equal to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, in each case to the extent attributable to such levy, and amounts deposited in the North Locust Point Tax Increment Fund or any other fund into which all or any part of these revenues and receipts are deposited, but only to the extent that such amounts are appropriated by the City. No State real property taxes constitute North Locust Point Tax Increment Revenues.

**“Officer’s Certificate”** means a written certificate of the City signed by an Authorized Officer.

**“Ordinances”** means, collectively, the Tax Increment Ordinances and the Special Taxing District Ordinances.

**“Original Taxable Value”** shall, when referring to real property in a Development District, have the meaning given such term in the applicable Tax Increment Ordinance.

**“Outstanding”** or **“outstanding”** means, as of any particular date, all Bonds authenticated and delivered under this Indenture except (a) any Bond canceled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (b) any Bond for which provision shall have been made for the payment of the principal or Redemption Price of and interest on such Bond, as provided in this Indenture and (c) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II or Section 7.03.

**“Paying Agent”** means the Trustee in its capacity as paying agent for the Bonds.

**“Permitted Investments”** means any of the following which at the time of investment are legal investments under the laws of the State for funds held by the Trustee or the City (as the case may be):

- (a) Government Obligations;
- (b) obligations that a federal agency or a federal instrumentality has issued in accordance with an act of Congress;
- (c) a repurchase agreement collateralized in an amount not less than one hundred two percent (102%) of the principal amount by an obligation of the United States, its agencies or instrumentalities, provided the collateral is held by a custodian, other than the seller, designated by the buyer;
- (d) bankers’ acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by either the United States Securities and Exchange Commission or the Treasurer of the State of Maryland;

- (e) with respect to amounts treated by the Internal Revenue Service as bond sale proceeds only, bonds, notes, or other obligations of investment grade in the highest quality letter and numerical rating by at least one Rating Agency issued by or on behalf of the State or any other state or any agency, department, county, municipal or public corporation, special district, authority, or political subdivision thereof, or in any fund or trust that invests only in securities of the type described in this paragraph;
- (f) commercial paper that has received the highest letter and numerical rating by at least two Rating Agencies;
- (g) money market mutual funds that are (i) registered with the Securities and Exchange Commission under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 *et seq.*, as amended, (ii) operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended, and (iii) rated in the highest rating category of at least one Rating Agency; and
- (h) any investment portfolio created under the Maryland Local Government Investment Pool defined under §§ 17-301 through 17-309 of the Local Government Article of the Annotated Code of Maryland that is administered by the Office of the State Treasurer of the State.

Notwithstanding the foregoing, if the Trustee receives written notice that, by reason of a rating withdrawal or downgrade or otherwise, any investment no longer satisfies the description of a Permitted Investment, the Trustee shall immediately liquidate such investment, notify the City of such liquidation, and reinvest the proceeds of such liquidation in another Permitted Investment pursuant to Section 4.09.

**“Pledged Revenues”** means, collectively, the Tax Increment Revenues, the Special Tax Revenues, and Excess Tax Increment Revenues.

**“Prior Bonds”** shall have the meaning set forth in the Recitals.

**“Projected Annual Requirement”** means for any Fiscal Year of computation and based upon reasonable projections for such Fiscal Year, (i) with respect to the Harborview Districts, the Strathdale Districts, the Clipper Mill Districts, and the North Locust Point Districts, as applicable, the sum of (1) the Annual Debt Service due and payable on the Harborview Bonds, the Strathdale Bonds, the Clipper Mill Bonds, and the North Locust Point Bonds, as applicable, plus (2) all amounts reasonably expected to be necessary to make the amount in the applicable account within the Reserve Fund equal the applicable Reserve Requirement in such Fiscal Year, which shall include any amount reasonably expected to be required to be transferred from the applicable account within the Reserve Fund to the applicable account within the Debt Service Fund to pay Annual Debt Service on the portion of the Series 2015 Bonds secured thereby, plus (3) amounts reasonably expected to be necessary to pay City Expenses in such Fiscal Year allocable to the applicable Districts and (ii) with respect to any Additional District, the sum of (1) the Annual Debt Service due and payable on the portion of the Bonds secured thereby, plus (2) all amounts reasonably expected in such Fiscal Year to be necessary to make the amount in the applicable reserve account equal the applicable Reserve Requirement, which shall include any amount reasonably expected to be required to be transferred from the applicable reserve account to the applicable debt service account to pay Annual Debt Service on the portion of the Bonds secured thereby, plus (3) amounts reasonably expected to be necessary to pay City Expenses in such Fiscal Year allocable to such Additional District.

**“Projected Excess Tax Increment Revenues”** means with respect to any Development District or Additional District and for any Fiscal Year of computation, the amount by which the Tax Increment

Revenues for the applicable Development District or Additional District collected as of any December 1 of a Fiscal Year exceeds the Projected Annual Requirement of such Development District or Additional District, respectively.

**“Projects”** means, collectively, the Harborview Public Improvements (as such term is defined in the Harborview Indenture), the Strathdale Public Improvements (as such term is defined in the Strathdale Indenture), the Clipper Mill Public Improvements (as such term is defined in the Clipper Mill Indenture), and the North Locust Point Public Improvements (as such term is defined in the North Locust Point Indenture). In the case of the issuance of any Additional Bonds, “Projects” shall include any project as defined in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

**“Rate and Method”** or **“Rates and Methods”** means, individually or collectively, as applicable, the Harborview Rate and Method, the Strathdale Rate and Method, the Clipper Mill Rate and Method, and the North Locust Point Rate and Method. In the case of the issuance of any Additional Bonds, “Rates and Methods” shall include any Rate and Method as defined in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

**“Rating Agency”** means any nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission, including (but not limited to) Standard and Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., Fitch Ratings Inc., Moody’s Investors Services, Inc., or any of their respective successors or assigns.

**“Rebate Fund”** means the “Series 2015 Rebate Fund” established pursuant to Section 4.01.

**“Record Date”** means the close of business on the first day of the calendar month in which an Interest Payment Date occurs.

**“Redemption Price”** means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to this Indenture.

**“Registered Owner”** means, with respect to any Bond, the person in whose name such Bond is registered on the Bond Register.

**“Reserve Fund”** means the “Series 2015 Reserve Fund” established pursuant to Section 4.01 and any reserve fund established for any Series of Additional Bonds.

**“Reserve Requirement”** means, when used with respect to the Series 2015 Bonds, individually or collectively, the Harborview Reserve Requirement, the Strathdale Reserve Requirement, the Clipper Mill Reserve Requirement, and the North Locust Point Reserve Requirement. To the extent any Additional Bonds may be issued, the Reserve Requirement shall be the amount specified in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

**“Section 148”** shall have the meaning set forth in Section 5.08.

**“Section 148 Certificate”** shall have the meaning set forth in Section 5.08.

**“Section 148 Certifying Officials”** shall have the meaning set forth in Section 5.08.

**“Series”** means any series of Bonds issued hereunder.

**“Series 2015 Bonds”** means the Bonds so designated and authorized to be issued under Section 2.01.

**“Series 2015 Resolution”** shall have the meaning set forth in the Recitals.

**“Sinking Fund Installment”** means the amount of money provided in this Indenture to redeem or pay at maturity Bonds at the times and in the amounts provided herein or any Supplemental Indenture. The Sinking Fund Installments for the Series 2015 Bonds are set forth in Section 3.01.

**“Special Record Date”** means a date fixed by the Trustee that is at least ten (10) and not more than fifteen (15) days before the date set for the payment of any defaulted interest.

**“Special Tax Fund”** or **“Special Tax Funds”** means, individually or collectively, as applicable, the Harborview Special Tax Fund, the Strathdale Special Tax Fund, the Clipper Mill Special Tax Fund, and the North Locust Point Special Tax Fund. With respect to any Additional District, **“Special Tax Fund”** means the special tax fund established for such Additional District by the applicable Special Taxing District Ordinance.

**“Special Tax Revenues”** means, individually or collectively, as applicable, the Harborview Special Tax Revenues, the Strathdale Special Tax Revenues, the Clipper Mill Special Tax Revenues, and the North Locust Point Special Tax Revenues. With respect to any Additional District, **“Special Tax Revenues”** means the revenues and receipts from the Special Taxes received by the City with respect to such Additional District, including any scheduled payments thereof, interest thereon and the net proceeds of redemption or sale of property sold as a result of foreclosure of the lien of such Special Taxes up to the amount of such lien and interest thereon, including any penalties collected in connection with applicable delinquent Special Taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, but only to the extent that such amounts are appropriated by the City.

**“Special Taxes”** means any of the special taxes levied within the Special Taxing Districts.

**“Special Taxing District”** or **“Special Taxing Districts”** means, individually or collectively, as applicable, the Harborview Special Taxing District, the Strathdale Special Taxing District, the Clipper Mill Special Taxing District, the North Locust Point Special Taxing District, and any Additional District created pursuant to the Special Taxing District Act.

**“Special Taxing District Act”** means Article II, Section (62A) of the Baltimore City Charter (1996 Edition), as supplemented and amended from time to time.

**“Special Taxing District Ordinance”** or **“Special Taxing District Ordinances”** means, individually or collectively, as applicable, the Harborview Special Taxing District Ordinance, the Strathdale Special Taxing District Ordinance, the Clipper Mill Special Taxing District Ordinance, the North Locust Point Special Taxing District Ordinance, and the ordinance creating any Additional District pursuant to the Special Taxing District Act.

**“State”** means the State of Maryland.

**“Strathdale Administration Agreement”** means the Agreement for Administrative Services, dated August 20, 2003, by and between the City and the Administrator, with respect to the Strathdale Districts, as amended or supplemented from time to time.

**“Strathdale Administrative Expense Account”** shall mean the “Strathdale Administrative Expense Account” within the “Series 2015 Administrative Expense Fund” established pursuant to Section 4.01.

**“Strathdale Debt Service”** means the scheduled amount of interest and amortization of principal (including Sinking Fund Installments) payable on the Strathdale Refunding Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period. Initially, the Strathdale Debt Service is set forth in Exhibit C attached hereto and if any adjustments are required, such adjustments shall be made by the City and the Administrator and written notice shall be provided to the Trustee.

**“Strathdale Debt Service Account”** shall mean the “Strathdale Debt Service Account” within the “Series 2015 Debt Service Fund” established pursuant to Section 4.01.

**“Strathdale Development District”** means the Strathdale Manor Development District established pursuant to the Strathdale Tax Increment Ordinance.

**“Strathdale Districts”** means, collectively, the Strathdale Development District and the Strathdale Special Taxing District.

**“Strathdale Indenture”** means the Indenture of Trust, dated as of August 1, 2003, by and between the City and the Trustee, as trustee thereunder.

**“Strathdale Maximum Special Tax”** means the Maximum Special Tax set forth in the **Strathdale** Rate and Method.

**“Strathdale Prior Bonds”** shall have the meaning set forth in the Recitals.

**“Strathdale Rate and Method”** means the “Strathdale Manor Special Taxing District Rate and Method of Apportionment of Special Taxes” included as Exhibit 2 to the Strathdale Special Taxing District Ordinance, as amended and supplemented from time to time.

**“Strathdale Refunding Bonds”** shall have the meaning set forth in Section 2.01.

**“Strathdale Reserve Account”** shall mean the “Strathdale Reserve Account” within the “Series 2015 Reserve Fund” established pursuant to Section 4.01.

**“Strathdale Reserve Requirement”** means, as of any date of calculation, when used with respect to the Strathdale Reserve Account maintained for the Strathdale Refunding Bonds, an amount equal to fifty percent (50%) of the Maximum Annual Debt Service on the outstanding Strathdale Refunding Bonds secured thereby as of the date of determination.

**“Strathdale Special Tax Fund”** means the Strathdale Manor Special Taxing District Fund established by the Strathdale Special Taxing District Ordinance.

**“Strathdale Special Tax Revenues”** means the revenues and receipts from the Strathdale Special Taxes received by the City, including any scheduled payments thereof, interest thereon and the net proceeds of redemption or sale of property sold as a result of foreclosure of the lien of the Strathdale Special Taxes up to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent Strathdale Special Taxes but excluding any expenses of sale or any other

administrative expenses collected by the City in connection with such delinquent taxes, but only to the extent that such amounts are appropriated by the City.

**“Strathdale Special Taxes”** means the special taxes levied within the Strathdale Special Taxing District pursuant to the Special Taxing District Act, the Strathdale Special Taxing District Ordinance, and this Indenture.

**“Strathdale Special Taxing District”** means the Strathdale Manor Special Taxing District established pursuant to the Strathdale Special Taxing District Ordinance.

**“Strathdale Special Taxing District Ordinance”** means Ordinance No. 03-541 passed by the City Council of the City on May 19, 2003, approved by the Mayor of the City on May 21, 2003, and effective on May 21, 2003, as it may be supplemented and amended from time to time.

**“Strathdale Tax Increment”** means, for any tax year, the amount by which the Assessable Base of all real property in the Strathdale Development District as of January 1 preceding that tax year exceeds the Original Taxable Value of all real property in the Strathdale Development District, divided by the Assessment Ratio, if applicable, used to determine the Original Taxable Value.

**“Strathdale Tax Increment Fund”** means the Strathdale Manor Development District Fund established by the Strathdale Tax Increment Ordinance.

**“Strathdale Tax Increment Ordinance”** means Ordinance No. 03-540 passed by the City Council of the City on May 19, 2003, approved by the Mayor of the City on May 21, 2003, and effective on May 21, 2003, as it may be supplemented and amended from time to time.

**“Strathdale Tax Increment Revenues”** means the revenues and receipts from the property taxes representing the levy on the Strathdale Tax Increment that would normally be paid to the City, including any scheduled payments thereof, interest thereon and a portion of the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien equal to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, in each case to the extent attributable to such levy, and amounts deposited in the Strathdale Tax Increment Fund or any other fund into which all or any part of these revenues and receipts are deposited, but only to the extent that such amounts are appropriated by the City. No State real property taxes constitute Strathdale Tax Increment Revenues.

**“Supplemental Indenture”** means an indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

**“Tax-Exempt Bonds”** means the Series 2015 Bonds and any other Bonds with respect to which there shall have been delivered to the City a written opinion of Bond Counsel, subject to customary exceptions and qualifications, to the effect that the interest on such Bonds is excludable from gross income for federal income tax purposes.

**“Tax Increment”** means, individually or collectively, any or all (respectively) of the Harborview Tax Increment, the Strathdale Tax Increment, the Clipper Mill Tax Increment, and the North Locust Point Tax Increment. With respect to any Additional District, “Tax Increment” shall include, for any tax year, the amount by which the Assessable Base of all real property in such Additional District as of January 1 preceding that tax year exceeds the Original Taxable Value of all real property in such Additional District, divided by the Assessment Ratio, if applicable, used to determine the Original Taxable Value

**“Tax Increment Act”** means Article II, Section (62) of the Baltimore City Charter (1996 Edition), as supplemented and amended from time to time.

**“Tax Increment Fund”** or **“Tax Increment Funds”** means, individually or collectively, as applicable, the Harborview Tax Increment Fund, the Strathdale Tax Increment Fund, the Clipper Mill Tax Increment Fund, and the North Locust Point Tax Increment Fund. With respect to any Additional District, “Tax Increment Fund” means the special tax increment fund established for such Additional District by the applicable Tax Increment Ordinance.

**“Tax Increment Ordinance”** or **“Tax Increment Ordinances”** means, individually or collectively, as applicable, the Harborview Tax Increment Ordinance, the Strathdale Tax Increment Ordinance, the Clipper Mill Tax Increment Ordinance, the North Locust Point Tax Increment Ordinance, and the ordinance creating any Additional District pursuant to the Tax Increment Act.

**“Tax Increment Revenues”** means, collectively, the Harborview Tax Increment Revenues, the Strathdale Tax Increment Revenues, the Clipper Mill Tax Increment Revenues, and the North Locust Point Tax Increment Revenues. With respect to any Additional District, “Tax Increment Revenues” means the revenues and receipts from the property taxes representing the levy on the Tax Increment for such Additional District that would normally be paid to the City, including any scheduled payments thereof, interest thereon and a portion of the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien equal to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent taxes but excluding any expenses of sale or any other administrative expenses collected by the City in connection with such delinquent taxes, in each case to the extent attributable to such levy, and amounts deposited in the Tax Increment Fund established for such Additional District or any other fund into which all or any part of these revenues and receipts are deposited, but only to the extent that such amounts are appropriated by the City; provided, that no State real property taxes constitute Tax Increment Revenues with respect to such Additional District created pursuant to the Tax Increment Act.

**“Term Bonds”** means any Harborview Refunding Bonds, Strathdale Refunding Bonds, Clipper Mill Refunding Bonds, or North Locust Point Refunding Bonds, as applicable, payable prior to or at their stated maturity from Sinking Fund Installments.

**“Trust Estate”** shall have the meaning set forth in the Recitals.

**“Trustee”** means Manufacturers and Traders Trust Company, and its successors, and any other corporation that may at any time be substituted in its place as provided in Section 6.10.

**“Underwriter”** or **“Underwriters”** means Stifel, Nicolaus & Company, Inc., and, with respect to any Additional Bonds, the firms or corporations named as the underwriter or placement agent of such Additional Bonds in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

**Section 1.02. Rules of Construction.** Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(A) Words importing the singular number include the plural number and words importing the plural number include the singular number.

(B) Words of the masculine gender include correlative words of the feminine and neuter genders.

(C) The headings and the table of contents set forth in this Indenture are solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(D) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(E) Any reference to a particular percentage or proportion of the Holders of Bonds shall mean the Holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Indenture, except Bonds held by or for the account of the City, whether or not pledged to or by the City; however, Bonds so pledged may be regarded as Outstanding for the purposes of this paragraph if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such Bonds. Any reference herein to Bonds the consent or direction of a specified proportion of the Holders of which is required or permitted prior to the taking of any action hereunder shall mean the Holders of such proportion of Outstanding Bonds as shall be affected thereby.

(F) Any reference to the Costs of Issuance Fund, the Reserve Fund, and the Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, and the North Locust Point Reserve Account within the Reserve Fund, the Debt Service Fund, and the Harborview Debt Service Account, Strathdale Debt Service Account, Clipper Mill Debt Service Account, and the North Locust Point Debt Service Account within the Debt Service Fund, the Administrative Expense Fund, and the Harborview Administrative Expense Account, Strathdale Administrative Expense Account, Clipper Mill Administrative Expense Account, and the North Locust Point Administrative Expense Account within the Administrative Expense Fund, the Harborview Tax Increment Fund, the Strathdale Tax Increment Fund, the Clipper Mill Tax Increment Fund, the North Locust Point Tax Increment Fund, the Harborview Special Tax Fund, the Strathdale Special Tax Fund, the Clipper Mill Special Tax Fund, the North Locust Point Special Tax Fund, the Excess Tax Increment Revenue Account, and the Rebate Fund shall be to the fund or account so designated that is created under Article IV or the Ordinances, as applicable. If any Supplemental Indenture provides for the establishment of separate funds and accounts for any Series of Bonds, then any provision of this Indenture requiring or permitting the application of amounts on deposit in any fund or account to the payment of any Bond or the transfer of amounts on deposit in any fund or account maintained for any Bonds to any other fund or account shall refer to the fund or account maintained for such Bonds.

(G) Unless otherwise specified or the context shall require otherwise, any reference to a particular Article or Section shall be to such Article or Section of this Indenture.

## ARTICLE II AUTHORIZATION AND DETAILS OF THE BONDS; ADDITIONAL BONDS

**Section 2.01. Bonds Authorized.** There is hereby authorized the issuance under this Indenture of four Series of Bonds in the aggregate principal amount of Twenty Million One Hundred Ninety-Five Thousand Dollars (\$20,195,000), consisting of (i) "Mayor and City Council of Baltimore, Special Obligation Refunding Bonds (Harborview Project), Series 2015" in the aggregate principal amount of Five Million Eight Hundred Thirty Thousand Dollars (\$5,830,000) (the "**Harborview Refunding Bonds**"), (ii) "Mayor and City Council of Baltimore, Special Obligation Refunding Bonds (Strathdale Manor Project), Series 2015" in the aggregate principal amount of Five Million Two Hundred Thirty Thousand Dollars (\$5,230,000) (the "**Strathdale Refunding Bonds**"), (iii) "Mayor and City Council of Baltimore, Special Obligation Refunding Bonds (Clipper Mill Project), Series 2015" in the aggregate principal amount of Six Million Eight Hundred Twenty Thousand Dollars (\$6,820,000) (the "**Clipper**



**Mill Refunding Bonds**”), and (iv) “Mayor and City Council of Baltimore, Special Obligation Refunding Bonds (North Locust Point Project), Series 2015” in the aggregate principal amount of Two Million Three Hundred Fifteen Thousand Dollars (\$2,315,000) (the “**North Locust Point Refunding Bonds**”).

Pursuant to Section 19-101 of the Local Government Article of the Annotated Code of Maryland, and in accordance with the Series 2015 Resolution, the Harborview Refunding Bonds, the Strathdale Refunding Bonds, the Clipper Mill Refunding Bonds, and the North Locust Point Refunding Bonds shall be consolidated for sale and issued, sold and delivered as a single, consolidated issue of bonds secured by the Trust Estate and designated “Mayor and City Council of Baltimore, Consolidated Special Obligation Refunding Bonds (Tax Increment Financing Projects), Series 2015” (the “**Series 2015 Bonds**”). Until all Series 2015 Bonds constituting Harborview Refunding Bonds, Strathdale Refunding Bonds, Clipper Mill Refunding Bonds, or North Locust Point Refunding Bonds, maturing in the years as provided in Section 2.02 have been redeemed or paid, a portion of each Series 2015 Bond maturing in any year will be:

(1) a Harborview Refunding Bond, secured by a pledge of and payable from the amounts in the Harborview Tax Increment Fund, the Harborview Special Tax Fund, the Harborview Debt Service Account, the Harborview Reserve Account, and the Excess Tax Increment Revenue Account (*provided, however*, in each case the Pledged Revenues in the Harborview Tax Increment Fund, the Harborview Special Tax Fund, and the Excess Tax Increment Revenue Account are subject to appropriation of any such amounts by the City),

(2) a Strathdale Refunding Bond secured by a pledge of and payable from the amounts in the Strathdale Tax Increment Fund, the Strathdale Special Tax Fund, the Strathdale Debt Service Account, the Strathdale Reserve Account, and the Excess Tax Increment Revenue Account (*provided, however*, in each case the Pledged Revenues in the Strathdale Tax Increment Fund, the Strathdale Special Tax Fund, and the Excess Tax Increment Revenue Account are subject to appropriation of any such amounts by the City),

(3) a Clipper Mill Refunding Bond secured by a pledge of and payable from the amounts in the Clipper Mill Tax Increment Fund, the Clipper Mill Special Tax Fund, the Clipper Mill Debt Service Account, the Clipper Mill Reserve Account, and the Excess Tax Increment Revenue Account (*provided, however*, in each case the Pledged Revenues in the Clipper Mill Tax Increment Fund, the Clipper Mill Special Tax Fund, and the Excess Tax Increment Revenue Account are subject to appropriation of any such amounts by the City), and

(4) a North Locust Point Refunding Bond secured by a pledge of and payable from the amounts in the North Locust Point Tax Increment Fund, the North Locust Point Special Tax Fund, the North Locust Point Debt Service Account, the North Locust Point Reserve Account, and the Excess Tax Increment Revenue Account (*provided, however*, in each case the Pledged Revenues in the North Locust Point Tax Increment Fund, the North Locust Point Special Tax Fund, and the Excess Tax Increment Revenue Account are subject to appropriation of any such amounts by the City).

When any provision of this Indenture requires the redemption or payment of Harborview Refunding Bonds, Strathdale Refunding Bonds, Clipper Mill Refunding Bonds, or North Locust Point Refunding Bonds, such provision shall be deemed to require the redemption or payment of Series 2015 Bonds designated as such in Section 2.02 not theretofore redeemed or paid.

## **Section 2.02. Details of Bonds; Form of Bonds.**

(A) Series 2015 Bonds. The Series 2015 Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations. The Series 2015 Bonds shall bear interest at the rates set

forth in the table below (calculated on the basis of a 360-day year consisting of twelve 30-day months) and shall mature on June 15 in the years and the amounts as follows:

**Serial Bonds**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$ 725,000	2.00%	2024	1,260,000	5.00
2017	775,000	4.00	2025	1,345,000	5.00
2018	830,000	4.00	2026	1,435,000	5.00
2019	880,000	5.00	2027	1,540,000	5.00
2020	945,000	5.00	2028	1,640,000	5.00
2021	1,020,000	5.00	2029	1,740,000	5.00
2022	1,090,000	5.00	2030	1,860,000	5.00
2023	1,175,000	5.00			

**Term Bonds**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2033	\$1,935,000	5.00%

The Series 2015 Bonds maturing in the years and amounts set forth above shall consist of Harborview Refunding Bonds, Strathdale Refunding Bonds, Clipper Mill Refunding Bonds, and North Locust Point Refunding Bonds maturing on June 15 in the years and the amounts as follows:

<b><u>Harborview</u></b>		<b><u>Strathdale Refunding</u></b>		<b><u>Clipper Mill</u></b>		<b><u>North Locust Point</u></b>	
<b><u>Refunding Bonds</u></b>		<b><u>Bonds</u></b>		<b><u>Refunding Bonds</u></b>		<b><u>Refunding Bonds</u></b>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2016	\$ 280,000	2016	\$185,000	2016	\$ 150,000	2016	\$ 110,000
2017	290,000	2017	200,000	2017	170,000	2017	115,000
2018	300,000	2018	220,000	2018	190,000	2018	120,000
2019	310,000	2019	235,000	2019	210,000	2019	125,000
2020	325,000	2020	260,000	2020	230,000	2020	130,000
2021	345,000	2021	285,000	2021	255,000	2021	135,000
2022	360,000	2022	305,000	2022	280,000	2022	145,000
2023	380,000	2023	335,000	2023	310,000	2023	150,000
2024	400,000	2024	360,000	2024	340,000	2024	160,000
2025	420,000	2025	390,000	2025	370,000	2025	165,000
2026	440,000	2026	420,000	2026	400,000	2026	175,000
2027	460,000	2027	455,000	2027	440,000	2027	185,000
2028	485,000	2028	490,000	2028	475,000	2028	190,000
2029	505,000	2029	525,000	2029	510,000	2029	200,000
2030	530,000	2030	565,000	2030	555,000	2030	210,000
-	-	-	-	2031	600,000	-	-
-	-	-	-	2032	645,000	-	-
-	-	-	-	2033	690,000	-	-

(B) The Series 2015 Bonds shall be subject to redemption prior to maturity in accordance with Section 3.01, and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in the form of Series 2015 Bond attached hereto as Exhibit A.

The Series 2015 Bonds shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such insertions, omissions and variations as may be deemed necessary or appropriate by the officers of the City executing the same and as shall be permitted by the Acts, the Ordinances, and the Series 2015 Resolution. The City hereby adopts the form of Series 2015 Bond set forth in Exhibit A attached hereto, and all of the covenants and conditions set forth therein, as and for the form of obligation to be incurred by the City as the Series 2015 Bonds. The covenants and conditions set forth in such form are incorporated into this Indenture by reference and shall be binding upon the City as though set forth in full herein.

Any Additional Bonds shall bear interest, be subject to redemption prior to maturity and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in Section 2.04, in the Supplemental Indenture authorizing the issuance of such Additional Bonds, and as shall be permitted by the Acts, the Ordinances, and the Additional Bonds Resolution.

All interest due on the Series 2015 Bonds shall be payable to the order of the person in whose name such Bond is registered on the Bond Register as of the Record Date and shall be made by (i) check mailed to the address of such owner as it appears on the Bond Register or (ii) wire transfer to any Holder who has provided the Trustee at least five (5) Business Days prior to the applicable Record Date written wire instructions; *provided, however*, that if there is a default in the payment of interest due on any Bond, such defaulted interest shall be payable to the order of the person in whose name such Bond is registered as of the close of business on the Special Record Date. Notice of any Special Record Date will be given to the Registered Owners not later than ten (10) days before the Special Record Date.

The Bonds may contain, or have endorsed thereon, any notations, legends or endorsements not inconsistent with the provisions of this Indenture or of any Supplemental Indenture as may be necessary or desirable and as may be determined by the officers of the City executing Bonds prior to the authentication and delivery of such Bonds. The execution and delivery of Bonds by the City in accordance with this Indenture shall be conclusive evidence of the approval of the form of such Bonds by the City, including any insertions, omissions, variations, notations, legends or endorsements authorized by this Indenture.

The Bonds shall be numbered in the manner determined by the Trustee. Before authenticating and delivering any Bond, the Trustee shall complete the form of such Bond to show the Registered Owner, principal amount, interest rate, maturity date, number and authentication date of such Bond.

Bonds of a Series may have printed on the reverse side thereof or attached thereto the opinion of Bond Counsel for such Series of Bonds.

The printing of CUSIP numbers on the Bonds shall have no legal effect and shall not affect the enforceability of any Bond.

**Section 2.03. Conditions Precedent to Delivery of the Series 2015 Bonds.** The Series 2015 Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2015 Bonds and, upon payment of the purchase price of the Series 2015 Bonds, shall deliver the Series 2015 Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (A) a duly certified copy of the Series 2015 Resolution;
- (B) copies of the Ordinances;
- (C) original executed counterparts of this Indenture;

(D) a request and authorization executed by an Authorized Officer directing the authentication and delivery of the Series 2015 Bonds, designating the purchasers to whom the Series 2015 Bonds are to be delivered, stating the purchase price of the Series 2015 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;

(E) a written opinion of Bond Counsel to the effect that, subject to customary exceptions and qualifications, the City is duly authorized and entitled to issue the Series 2015 Bonds and, upon the execution, authentication and delivery thereof as provided in this Indenture, the Series 2015 Bonds will be duly and validly issued and will constitute valid and binding special obligations of the City;

(F) with respect to any Series 2015 Bonds that are Tax-Exempt Bonds, a written opinion of Bond Counsel to the effect that, subject to customary exceptions and qualifications, interest on such Series 2015 Bonds is not includable in the gross income of the Holders thereof for federal income tax purposes;

(G) original executed counterparts of the Bond Purchase Agreement, dated May 28, 2015, by and between the Underwriter and the City and the Official Statement, dated May 28, 2015;

(H) an executed receipt from the Underwriter acknowledging receipt of the Series 2015 Bonds;

(I) a certificate of the Underwriter setting forth the Harborview Reserve Requirement, Strathdale Reserve Requirement, Clipper Mill Reserve Requirement, and North Locust Point Reserve Requirement; and

(J) such additional legal opinions, certificates, instruments and other documents as the City or Bond Counsel may reasonably deem necessary.

**Section 2.04. Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds.**

(A) In addition to the Series 2015 Bonds, the City may issue from time to time one or more Series of Additional Bonds under and secured by this Indenture, but subject to the further provisions of this Section, for any purpose for which refunding obligations of the City may be issued under the Acts, including (without limitation) (i) to refund or advance refund any bonds or notes issued under the Acts, including any Outstanding Bonds, (ii) to pay all costs incidental to or connected with any Additional Bonds authorized in clause (i) above, and (iii) to make any deposits into the funds and accounts, including but not limited to deposits into any applicable reserve fund, required by the provision of the Supplemental Indenture authorizing such Series of Additional Bonds. The issuance of Additional Bonds shall be authorized by a Supplemental Indenture, which shall specify all matters required to be provided in this Section.

Each Series of Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Indenture as the Series 2015 Bonds and any other Series of Additional Bonds that may be issued from time to time, to the extent provided in this Section.

(B) The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds, the form, denominations, registration provisions and provisions for the exchange of such Additional Bonds and other details of such Additional Bonds.

The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds for the purpose of refunding outstanding bonds of any Additional District shall specify that such Series of Additional Bonds shall be payable first from the Tax Increment Revenues of the applicable Additional District, second from the Special Tax Revenues of the applicable Additional District, and third from the Excess Tax Increment Revenues, in each case subject to appropriation of such amounts by the City for such purpose. In addition, the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds shall require that (I) on December 1 of each year, to the extent there is any Deficient Debt Service, and the City has received from the Administrator, or from such other party satisfactory to the City in its sole discretion, a certification that there exist Projected Excess Tax Increment Revenues with respect to the Additional District, the City shall transfer such Projected Excess Tax Increment Revenues to the Excess Tax Increment Revenue Account in the amount equal to the lesser of (a) the amount of such Projected Excess Tax Increment Revenues or (b) the Deficient Debt Service, and (II) on June 1 of each year, after the City has made the transfers described in the previous sentence and this Indenture, and subject to any additional provisions of any Supplemental Indenture, any balance on deposit in, or deposited to the Tax Increment Fund applicable to such Additional District shall be transferred to the Excess Tax Increment Revenue Account.

Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide for the creation of separate costs of issuance fund or funds, debt service fund or funds, or rebate fund or funds for such Additional Bonds. Subject to the requirements of paragraph (C) of this Section, any Supplemental Indenture authorizing the issuance of Additional Bonds may provide that (i) to the extent allowed by the Acts and the Ordinances, such Series of Additional Bonds shall be secured by the Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, the North Locust Point Reserve Account, or any other account within the Reserve Fund securing any other Series of Additional Bonds, (ii) such Series of Additional Bonds shall not be secured by a reserve fund, or (iii) such Series of Additional Bonds shall be secured by a separate reserve fund in accordance with the provisions of the Supplemental Indenture pursuant to which such Series of Additional Bonds are being issued.

If any Supplemental Indenture authorizing the issuance of any Series of Additional Bonds provides that such Additional Bonds shall be secured by the Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, or the North Locust Point Reserve Account, such Supplemental Indenture shall provide for the deposit in the Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, or the North Locust Point Reserve Account, as applicable, on the date of issuance of such Additional Bonds of the amount, if any, necessary to make the amount on deposit therein equal to the applicable Reserve Requirement, after giving effect to the issuance of such Additional Bonds. Such Supplemental Indenture may provide that the amount of any increase in the Reserve Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds.

If the Supplemental Indenture authorizing the issuance of any Additional Bonds provides that such Series of Additional Bonds shall be secured by a separate reserve fund, such Supplemental Indenture shall (i) establish the amount of the Reserve Requirement for such reserve fund, (ii) provide the period during which any deficiency shall be cured, which shall be a period of not less than 12 months except in the case of any deficiency resulting from a decline in the value of the assets of such reserve fund, (iii) contain provisions with respect to the issuance of any other Additional Bonds secured by such reserve fund and (iv) provide such terms with respect to the valuation of such reserve fund and the application of any earnings on or surpluses in such reserve fund as the City shall deem appropriate, any other provision of this Indenture to the contrary notwithstanding. If a separate reserve fund is created for any Series of Bonds, the Reserve Requirement shall be calculated separately for each Series of Bonds for which a separate reserve fund is maintained.

If any Supplemental Indenture authorizing the issuance of Additional Bonds provides for the establishment of separate funds and accounts for any Series of Additional Bonds, then such Supplemental Indenture shall require that available amounts on deposit in the funds and accounts created for the applicable Series of Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series and shall not be available to satisfy the claims of Holders of Bonds of any other Series.

(C) Additional Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Additional Bonds and deliver such Additional Bonds to or upon the order of the City, but only upon receipt by the Trustee of the purchase price of such Additional Bonds and each of the following:

(i) executed counterparts of the applicable Supplemental Indenture authorizing the issuance of such Additional Bonds;

(ii) a certified copy of the Additional Bonds Resolution;

(iii) copies of the ordinances that authorized the issuance of the prior bonds that are the subject of the refunding and created the applicable Additional Districts;

(iv) a certificate of an Authorized Officer to the effect that upon the issuance of such Additional Bonds, no default under this Indenture shall have occurred and be continuing;

(v) a written opinion of Bond Counsel, subject to customary exceptions and qualifications, to the effect that (a) the Supplemental Indenture authorizing the issuance of such Additional Bonds is in full force and effect and is valid and binding upon the City; (b) the City is duly authorized and entitled to issue such Additional Bonds and, upon the execution, authentication and delivery thereof as provided in such Supplemental Indenture, such Additional Bonds will be duly and validly issued and will constitute valid and binding special obligations of the City; (c) the issuance of such Additional Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued; and (d) with respect to any Additional Bonds which are Tax-Exempt Bonds, the interest on such Additional Bonds is not includable in the gross income of the Holders thereof for federal income tax purposes;

(vi) a request and authorization executed by an Authorized Officer directing the authentication and delivery of such Additional Bonds, designating the purchasers to whom such Additional Bonds are to be delivered, stating the purchase price of such Additional Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;

(vii) if the Supplemental Indenture authorizing such Additional Bonds provides that such Additional Bonds shall be secured by a separate reserve fund, moneys or securities authorized for the investment of the applicable reserve fund not less than the amount required to make the amount on deposit in such reserve fund equal the applicable Reserve Requirement;

(viii) a certificate of the Administrator or such other party satisfactory to the City in its sole discretion to the effect that based upon its reasonable projections:

(a) the aggregate Tax Increment Revenues for each succeeding Fiscal Year as determined by the amount of Tax Increment Revenues collected by the City in the prior

Fiscal Year, as adjusted by any changes in the phased-in assessed values of property within the Development Districts as determined by the State Department of Assessments and Taxation and any increases or phase-outs of applicable tax credits (the “**Projected Tax Increment Revenues**”) shall be at least one hundred fifty percent (150%) of the aggregate of the Annual Debt Service for such Fiscal Year (net of any capitalized interest or expenses funded by such Additional Bonds and investment earnings on amounts on deposit in the Reserve Fund, as reasonably projected by the Administrator) on the proposed Additional Bonds and any Bonds that will be Outstanding after the issuance of such Additional Bonds,

(b) the Projected Tax Increment Revenues for each succeeding Fiscal Year less the Projected Tax Increment Revenues attributable to the top ten taxpayers in the Development Districts shall be at least one hundred percent (100%) of the aggregate of the Annual Debt Service for such Fiscal Year (net of any capitalized interest or expenses funded by such Additional Bonds and investment earnings on amounts on deposit in the Reserve Fund, as reasonably projected by the Administrator) on the proposed Additional Bonds and any Bonds that will be Outstanding after the issuance of such Additional Bonds,

(c) the Aggregate Volatility Ratio with respect to the Development Districts as of the date of issuance of such Additional Bonds is equal to or less than 10%, and

(d) the Maximum Special Tax in every Fiscal Year in which Bonds are Outstanding shall be at least one hundred ten percent (110%) of the total Annual Debt Service for the corresponding Fiscal Year on the proposed Additional Bonds and any Bonds that will be Outstanding after the issuance of such Additional Bonds (net of any capitalized interest or expenses funded by such Additional Bonds and investment earnings on amounts on deposit in the Reserve Fund, as reasonably projected by the Administrator) to the extent such Bonds and Additional Bonds are secured by Special Taxes;

(ix) a certification in form and substance and from a party satisfactory to the City in its sole discretion setting forth the Reserve Requirement for such Additional Bonds and stating that such amount is, as of any date of calculation, not less than fifty percent (50%) of the Maximum Annual Debt Service on the outstanding Additional Bonds secured thereby as of the date of determination; and

(x) such additional legal opinions, certificates, instruments and other documents as the City or Bond Counsel may reasonably deem necessary.

Notwithstanding the foregoing,

(y) if the credit rating on the Bonds, after giving effect to the issuance of such Additional Bonds, will be at least equal to the credit rating on the Bonds immediately prior to the issuance of such Additional Bonds, the requirements of subparagraphs (b), (c), and (d) of clause (viii) and clause (ix) of this paragraph shall not apply with respect to such issuance of Additional Bonds, and

(z) if the Additional Bonds refund or advance refund all of the Bonds Outstanding immediately prior to the issuance of such Additional Bonds and the Trustee has received satisfactory evidence that after giving effect to such refunding or advance refunding, either (y) when calculated on a net present value basis, the Debt Service applicable to each District is reduced and (z) such Debt Service does not increase by more than ten percent (10%) during any Fiscal Year other than the final Fiscal Year, the requirements of clauses (viii) and (ix) of this paragraph shall not apply.

(D) Additional Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a Series of Bonds from time to time as the City may direct in its orders.

**Section 2.05. Execution and Authentication.** The Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signatures of the Mayor of the City and the Director of Finance of the City, sealed with its corporate seal (or a facsimile thereof), attested by the manual or facsimile signature of the Custodian or Alternate Custodian of the City Seal. In case any officer whose manual or facsimile signature appears on the Bonds shall cease to be such officer before delivery of such Bonds, such signature, nevertheless, shall be valid and sufficient for all purposes as if such officer had remained in office until such delivery, and the City may adopt and use for the execution of Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute such Bonds, notwithstanding the fact that such person may not have been such officer on the date of such Bonds or that such person may have ceased to be such officer at the time when such Bonds shall be actually authenticated and delivered.

No Bond shall be valid or obligatory for any purpose or entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication substantially in the form set forth in Exhibit A attached to this Indenture and made a part hereof, or the form set forth in the Supplemental Indenture authorizing the issuance thereof (as the case may be), duly executed by the Trustee, and such certificate of the Trustee upon any Bond executed on behalf of the City shall be conclusive evidence and the only evidence required that a Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Indenture. The certificate of the Trustee may be executed by any authorized signatory of the Trustee.

**Section 2.06. Registration and Exchange of Bonds.** The Bonds shall be negotiable instruments for all purposes and shall be transferable by delivery, subject only to the provisions for registration, registration of transfer, and any the limitations on transfer set forth in this Indenture, any Supplemental Indenture, or such as endorsed on such Bonds.

The City shall cause books for registration and the registration of transfer of Bonds to be prepared. The registration books shall be kept by the Trustee.

If any Bond is surrendered to the Trustee at its designated office for transfer or exchange in accordance with the provisions of such Bond, the City shall execute and authenticate and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same Series, in Authorized Denominations, bearing interest at the same rate and having the same stated maturity date, in aggregate principal amount equal to the principal amount of the Bond so surrendered, upon reimbursement to the City and the Trustee of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

Neither the City nor the Trustee shall be required to register the transfer of any Bond or make any such exchange of any Bond during the fifteen (15) days preceding an Interest Payment Date applicable to such Bond, during the fifteen (15) days preceding the date of mailing of any notice of redemption or after such Bond has been called for redemption, except as otherwise provided in any Supplemental Indenture.

**Section 2.07. Bonds Mutilated, Destroyed, Lost or Stolen.** If any temporary or definitive Bond shall become mutilated or be destroyed, lost or stolen, the City in its discretion may execute, and upon its request the Trustee shall authenticate and deliver, a new Bond in exchange for the mutilated Bond, or in lieu of and substitution for any Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the City and to the Trustee (i) evidence to their satisfaction of



the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof and (ii) in the case of any destroyed, lost or stolen Bond, such security or indemnity as may be required by them to save each of them harmless from all risks, however remote. Upon the issuance of any Bond upon such exchange or substitution, the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees and expenses, of the City or the Trustee.

If any Bond that has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, instead of issuing a Bond in exchange or substitution therefor, the City may pay or authorize the payment of such Bond (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the City and to the Trustee evidence to the satisfaction of the City and to the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof and, in the case of any destroyed, lost or stolen Bond, such security or indemnity as they may require to save them harmless.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond that is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the City, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

**Section 2.08. Cancellation and Disposition of Bonds.** All mutilated Bonds, all Bonds surrendered for exchange or transfer, all Bonds that have been paid at maturity or upon prior redemption and all Bonds surrendered to the Trustee for cancellation or purchased by the Trustee shall be canceled by the Trustee and cremated or destroyed by other means. Upon request, the Trustee shall deliver to the City a certificate of any such cremation or other destruction of any Bond, identifying such Bond so canceled and cremated or otherwise destroyed.

**Section 2.09. Book Entry of Bonds.** The provisions of this Section shall apply to the Bonds of each Series so long as such Bonds shall be maintained under a book-entry system (the "**Registered Bonds**") with The Depository Trust Company, or any other securities depository for the Bonds appointed pursuant to this Section, or their successors (a "**Securities Depository**"), any other provisions of this Indenture to the contrary notwithstanding.

(A) The principal or Redemption Price of and interest on the Registered Bonds shall be payable to the Securities Depository, or registered assigns, as the Registered Owner of the Registered Bonds, in same day funds on each date on which the principal or Redemption Price of or interest on the Registered Bonds becomes due. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the City and the Trustee in writing. Without notice to or the consent of the beneficial owners of the Registered Bonds, the City and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. In such event, the City shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Registered Bonds in the manner specified in such notice as if set forth herein. Neither the City nor the Trustee shall have any obligation with respect to the transfer or crediting of the appropriate principal and interest payments to any participant of any Securities Depository (a "**Participant**") or the beneficial owners of the Registered Bonds or their nominees.

(B) In the event that part but not all of any outstanding Bond is to be retired (by redemption or otherwise), the Securities Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Bond in accordance with Section 3.04 upon presentation and surrender of such Bond to the Trustee or (ii) shall make appropriate notation on the Bond indicating the date and amount of each principal payment, *provided that* payment of the final principal amount of any Bond shall be made only upon presentation and surrender of such Bond to the Trustee.

(C) So long as the Securities Depository or its nominee is the Registered Owner of the Registered Bonds, the City and the Trustee will recognize the Securities Depository or its nominee (as the case may be) as the holder of the Registered Bonds for all purposes, including (without limitation) the payment of the principal or Redemption Price of and interest on the Registered Bonds, the giving of notices and any consent or direction required or permitted to be given to, or on behalf of, the Bondholders under this Indenture.

(D) The City, in its discretion, at any time may replace any Securities Depository as the depository for the Registered Bonds with another qualified securities depository or discontinue the maintenance of the Registered Bonds under a book-entry system upon 30 days' notice to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository). A copy of any such notice shall be delivered promptly to the Trustee.

(E) If the City discontinues the maintenance of the Registered Bonds under a book-entry system, the City will issue Bonds directly to the Participants or, to the extent requested by any Participant, to the beneficial owners of the Registered Bonds as further described in this Section. The City shall make provision to notify Participants and the beneficial owners of the Registered Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the City in its discretion, that it will issue Bonds directly to the Participants or, to the extent requested by any Participant, to beneficial owners of the Registered Bonds as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that Bonds are to be issued to Participants or to beneficial owners of the Registered Bonds, the City shall promptly have prepared Bonds in certificated form of the same series and maturity and bearing interest at the same rate, registered in the names of the Participants as shown on the records of the Securities Depository provided to the Trustee or, to the extent requested by any Participant, in the names of the beneficial owners of the Registered Bonds shown on the records of such Participant provided to the Trustee, as of the date set forth in the notice delivered in accordance with this subsection.

(F) If the City replaces any Securities Depository as the depository for the Registered Bonds with another Securities Depository, the City will issue to the replacement Securities Depository Registered Bonds of the same series and maturity and bearing interest at the same rate, registered in the name of such replacement Securities Depository.

(G) Each Securities Depository and the Participants and the beneficial owners of the Registered Bonds, by their acceptance of the Registered Bonds, agree that the City and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligations to any Participant or any beneficial owner of any Registered Bonds, nor shall the City or the Trustee be liable for the failure of any Participant or other nominee of any beneficial owner of any Registered Bonds to perform any obligation that such Participant or other nominee may incur to any beneficial owner of the Registered Bonds.

**Section 2.10. No Acceleration.** The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds under Section 3.01, or the defeasance of the Bonds and discharge of this Indenture under Section 8.01.

### **ARTICLE III REDEMPTION OF BONDS**

**Section 3.01. Series 2015 Bonds Subject to Redemption.** The Series 2015 Bonds at the time outstanding may be redeemed prior to their respective maturities as follows:

(A) Optional Redemption. The Series 2015 Bonds are subject to redemption prior to maturity at any time on and after June 15, 2024, at the option of the City, as a whole or in part, in Authorized Denominations, at a Redemption Price equal to 100% of the principal amount of the Series 2015 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

In lieu of redeeming the Series 2015 Bonds, the City shall have the right to purchase such Series 2015 Bonds or cause such Series 2015 Bonds to be purchased on the date named for redemption at a price equal to 100% of the principal amount of such Series 2015 Bonds, plus accrued interest thereon to the date named for redemption, and by their acceptance of the Series 2015 Bonds, the holders thereof agree to sell the Series 2015 Bonds to the City or any purchaser obtained by the City on such date. If there shall have been deposited with the Trustee the purchase price of such Series 2015 Bonds on such date, then such Series 2015 Bonds shall be deemed to have been purchased on such date whether or not the holders thereof surrender such Bonds for purchase and such holders shall not be entitled to interest accruing on such Series 2015 Bonds subsequent to such date and shall have no claims with respect thereto except to receive the purchase price of such Series 2015 Bonds so held by the Trustee.

(B) Mandatory Sinking Fund Redemption. The Series 2015 Bonds maturing on June 15, 2033 are subject to mandatory sinking fund redemption prior to maturity at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments on June 15 of the following years in the following amounts:

<u>Year</u>	<u>Sinking Fund Installment</u>
2031	\$ 600,000
2032	645,000
2033*	690,000

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\* final maturity

The Sinking Fund Installments described in the table above shall consist of Sinking Fund Installments with respect to the Clipper Mill Refunding Bonds. (There are no Sinking Fund Installments with respect to the Harborview Refunding Bonds, Strathdale Refunding Bonds, and North Locust Point Refunding Bonds.)

If (i) the Trustee purchases, pursuant to Section 4.04(C), Term Bonds of a Series during any Fiscal Year at least 45 days next preceding any June 15 on which a Sinking Fund Installment is due with respect to such Series, (ii) the City delivers Term Bonds of a Series to the Trustee for cancellation on or before the 45<sup>th</sup> day next preceding any June 15 on which a Sinking Fund Installment is due with respect to such Series, or (iii) Term Bonds of a Series subject to redemption from a Sinking Fund Installment are otherwise redeemed during such Fiscal Year, then an amount equal to 100% of the aggregate principal

amount of such Term Bonds so purchased, delivered to the Trustee for cancellation or redeemed shall be credited against the immediately succeeding Sinking Fund Installment for such Series of Term Bonds.

If the aggregate principal amount of Term Bonds of any Series purchased by the Trustee or the City or redeemed in any Fiscal Year is in excess of the Sinking Fund Installment due on the Term Bonds of such Series on the immediately succeeding June 15, the Trustee shall credit such excess against subsequent Sinking Fund Installments as directed by the City.

To the extent the Trustee or the City purchases or otherwise redeems Term Bonds of any Series from funds transferred from the Harborview Debt Service Account or the Harborview Reserve Account, the Trustee shall credit the Sinking Fund Installments with respect to the Harborview Refunding Bonds for 100% of the aggregate principal amount of such funds in accordance with this Section. To the extent the Trustee or the City purchases or otherwise redeems Term Bonds of any Series from funds transferred from the Strathdale Debt Service Account or the Strathdale Reserve Account, the Trustee shall credit the Sinking Fund Installments with respect to the Strathdale Refunding Bonds for 100% of the aggregate principal amount of such funds in accordance with this Section. To the extent the Trustee or the City purchases or otherwise redeems Term Bonds of any Series from funds transferred from the Clipper Mill Debt Service Account or the Clipper Mill Reserve Account, the Trustee shall credit the Sinking Fund Installments with respect to the Clipper Mill Refunding Bonds for 100% of the aggregate principal amount of such funds in accordance with this Section. To the extent the Trustee or the City purchases or otherwise redeems Term Bonds of any Series from funds transferred from the North Locust Point Debt Service Account or the North Locust Point Reserve Account, the Trustee shall credit the Sinking Fund Installments with respect to the North Locust Point Refunding Bonds for 100% of the aggregate principal amount of such funds in accordance with this Section.

(C) Extraordinary Optional Redemption. Outstanding Series 2015 Bonds secured by a Development District or Special Taxing District are subject to redemption as a whole or part at any time, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, at the option of the City upon the occurrence of any of the following conditions or events: (i) if title to, or the permanent use of, or use for a limited period of, any portion of such Development District or Special Taxing District is condemned or the subject of an agreement with, or action by, a public authority in the nature of or in lieu of condemnation proceedings, or (ii) if any portion of such Development District or Special Taxing District is damaged or destroyed by fire or other casualty, in each case to the extent that the ability of the properties in such Development District or Special Taxing District to generate sufficient Tax Increment Revenues or Special Tax Revenues, as applicable, to pay Debt Service on the Series 2015 Bonds secured by such Tax Increment Revenues or Special Tax Revenues, as applicable, is substantially impaired in the judgment of the City, which judgment may rely on information provided by the Administrator and shall be conclusive and binding on the owners of such Series 2015 Bonds.

**Section 3.02. Selection of Bonds to Be Redeemed.** Bonds subject to optional redemption shall be selected in such order of maturity and from such Series of Bonds as the City may direct. If fewer than all of the Bonds of a single maturity within the same Series are to be redeemed, Bonds of such Series to be redeemed will be selected by lot or other random method by the Trustee in such a manner as the Trustee in its discretion may determine; *provided, however*, that the portion of any Bond of a Series of a denomination greater than the minimum Authorized Denomination for Bonds of such Series to be redeemed shall be redeemed in part only in Authorized Denominations and that, in selecting portions of Bonds of a Series for redemption, the Trustee shall treat each Bond of such Series as representing that number of Bonds of the minimum Authorized Denomination for such Series which is obtained by dividing the principal amount of such Bond to be redeemed in part by the minimum Authorized Denomination for such Series, and *provided further, however*, that if the Bonds are registered in a

book-entry system, the Securities Depository shall select the particular Bonds or portions of Bonds to be redeemed in accordance with its procedures.

**Section 3.03. Notice of Redemption.** The City shall give notice to the Trustee of its election to redeem Bonds pursuant to Section 3.01(A) or 3.01(C) at least 25 days prior to the redemption date of such Bonds, or such fewer number of days as shall be acceptable to the Trustee. Upon receipt of such direction, the Trustee shall give notice in the name of the City of the redemption of such Bonds.

At least 20 days before each date on which a Sinking Fund Installment for the Bonds becomes due, the Trustee shall select Bonds then subject to redemption from such Sinking Fund Installment to be redeemed on such date in an aggregate principal amount equal to such Sinking Fund Installment and shall give notice in the name of the City of the redemption of such Bonds.

Each notice of redemption of Bonds shall be mailed to the registered owners of the Bonds to be redeemed at least 20 days before the redemption date and shall set forth (i) the CUSIP numbers and maturities of Bonds (and Series, if more than one Series of Bonds are Outstanding) to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) the designated office of the Trustee at which such Bonds shall be redeemed, (v) if fewer than all of the Bonds of a Series of any one maturity then Outstanding shall be called for redemption, any other distinctive numbers and letters of Bonds to be redeemed, (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (vii) any conditions to such redemption, and (viii) that on the redemption date, if all conditions, if any, to such redemption have been satisfied, there shall become due and payable upon all Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. The failure so to give any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of any Bonds.

If any Bond which is not held under a book-entry system is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, the Holder shall surrender such Bond to the Trustee at the designated office of the Trustee, to be replaced by a new Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any Authorized Denomination, which will be issued in the aggregate principal amount equal to the unredeemed portion of such Bond.

If notice of redemption shall have been given as provided herein and all conditions, if any, to such redemption have been satisfied, then on or prior to the redemption date the City shall pay to the Trustee from the Pledged Revenues an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, shall be sufficient to redeem at the Redemption Price thereof, plus accrued interest to the redemption date, all Bonds to be redeemed on such date.

Each notice of redemption with respect to any Bond shall comply with any published and mandatory rules, regulations, or releases of the Securities Exchange Commission, the Municipal Securities Rulemaking Board or other governmental board or body from time to time that promulgates rules or regulations applicable to such Bond.

**Section 3.04. Redemption of Portion of Bond.** In case part but not all of any Bond which is not held under a book-entry system shall be selected for redemption, upon the presentation and surrender of such Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Bond, the City shall execute and the Trustee shall authenticate and deliver to or upon the order of the Registered Owner of such Bond or his attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same

Series and maturity, bearing interest at the same rate and of any Authorized Denomination, in aggregate principal amount equal to the unredeemed portion of such Bond.

**Section 3.05. Redemption of Additional Bonds.** The provisions of this Article with respect to Additional Bonds are subject in all respects to the provisions of the Supplemental Indenture authorizing the issuance thereof.

## **ARTICLE IV FUNDS AND ACCOUNTS**

**Section 4.01. Creation of Funds and Accounts.**

(A) The following funds and accounts are hereby created by this Indenture and shall be maintained:

Series 2015 Costs of Issuance Fund

Series 2015 Debt Service Fund

Harborview Debt Service Account

Strathdale Debt Service Account

Clipper Mill Debt Service Account

North Locust Point Debt Service Account

Series 2015 Reserve Fund

Harborview Reserve Account

Strathdale Reserve Account

Clipper Mill Reserve Account

North Locust Point Reserve Account

Series 2015 Administrative Expense Fund

Harborview Administrative Expense Account

Strathdale Administrative Expense Account

Clipper Mill Administrative Expense Account

North Locust Point Administrative Expense Account

Series 2015 Excess Tax Increment Revenue Account

Series 2015 Rebate Fund.

The Costs of Issuance Fund, the Debt Service Fund, and the Harborview Debt Service Account, the Strathdale Debt Service Account, the Clipper Mill Debt Service Account, and the North Locust Point Debt Service Account within the Debt Service Fund, the Reserve Fund, and the Harborview Reserve Account, the Strathdale Reserve Account, the Clipper Mill Reserve Account, and the North Locust Point Reserve Account within the Reserve Fund, and the Rebate Fund shall be held by the Trustee hereunder separate and apart from all other moneys and funds of the Trustee and the City. The Administrative Expense Fund, and the Harborview Administrative Expense Account, the Strathdale Administrative Expense Account, the Clipper Mill Administrative Expense Account, and the North Locust Point Administrative Expense Account within the Administrative Expense Fund shall be held by the City hereunder separate and apart from all other moneys and funds of the City.

The Tax Increment Funds and the Special Tax Funds shall be held by the City as set forth in Section 4.06 and the Excess Tax Increment Revenue Account shall be held by the City as set forth in Section 4.07.

For internal accounting purposes, the funds and accounts created pursuant to this Section may contain one or more accounts and sub-accounts, as the City shall direct.

(B) Except as otherwise provided herein and in any Supplemental Indenture authorizing the issuance of any Additional Bonds with respect to the Harborview Districts in accordance with Section 2.04, amounts on deposit in the Harborview Debt Service Account and the Harborview Reserve Account shall be applied to the payment of the principal of and premium, if any, and interest on, the Harborview Refunding Bonds and any Additional Bonds with respect to the Harborview Districts, and pending the application of such amounts as provided in this Indenture, such amounts are hereby pledged to the payment of the Outstanding Harborview Refunding Bonds and any Additional Bonds with respect to the Harborview Districts.

(C) Except as otherwise provided herein and in any Supplemental Indenture authorizing the issuance of any Additional Bonds with respect to the Strathdale Districts in accordance with Section 2.04, amounts on deposit in the Strathdale Debt Service Account and the Strathdale Reserve Account shall be applied to the payment of the principal of and premium, if any, and interest on, the Strathdale Refunding Bonds and any Additional Bonds with respect to the Strathdale Districts, and pending the application of such amounts as provided in this Indenture, such amounts are hereby pledged to the payment of the Outstanding Strathdale Refunding Bonds and any Additional Bonds with respect to the Strathdale Districts.

(D) Except as otherwise provided herein and in any Supplemental Indenture authorizing the issuance of any Additional Bonds with respect to the Clipper Mill Districts in accordance with Section 2.04, amounts on deposit in the Clipper Mill Debt Service Account and the Clipper Mill Reserve Account shall be applied to the payment of the principal of and premium, if any, and interest on, the Clipper Mill Refunding Bonds and any Additional Bonds with respect to the Clipper Mill Districts, and pending the application of such amounts as provided in this Indenture, such amounts are hereby pledged to the payment of the Outstanding Clipper Mill Refunding Bonds and any Additional Bonds with respect to the Clipper Mill Districts.

(E) Except as otherwise provided herein and in any Supplemental Indenture authorizing the issuance of any Additional Bonds with respect to the North Locust Point Districts in accordance with Section 2.04, amounts on deposit in the North Locust Point Debt Service Account and the North Locust Point Reserve Account shall be applied to the payment of the principal of and premium, if any, and interest on, the North Locust Point Refunding Bonds and any Additional Bonds with respect to the North Locust Point Districts, and pending the application of such amounts as provided in this Indenture, such amounts are hereby pledged to the payment of the Outstanding North Locust Point Refunding Bonds and any Additional Bonds with respect to the North Locust Point Districts.

(F) The Rebate Fund, the Administrative Expense Fund, and the accounts within the Administrative Expense Fund, and the Costs of Issuance Fund are not pledged to the payment of any Bonds.

**Section 4.02. Deposit of Bond Proceeds.**

(A) The proceeds derived from the sale of the Series 2015 Bonds (plus a premium of \$2,031,525.25, less the underwriter's discount of \$201,950.00) in the amount of \$22,024,575.25 shall be paid to the Trustee and forthwith deposited or transferred as follows:

(i) \$5,962,557.44 shall be applied to the refunding of the Harborview Prior Bonds by depositing such proceeds with the trustee under the Harborview Indenture for the payment thereof;

(ii) \$5,311,237.41 shall be applied to the refunding of the Strathdale Prior Bonds by depositing such proceeds with the trustee under the Strathdale Indenture for the payment thereof;

(iii) \$6,898,996.50 shall be applied to the refunding of the Clipper Mill Prior Bonds by depositing such proceeds with the trustee under the Clipper Mill Indenture for the payment thereof;

(iv) \$2,367,036.74 shall be applied to the refunding of the North Locust Point Bonds by depositing such proceeds with the trustee under the North Locust Point Indenture for the payment thereof;

(v) \$432,747.16 shall be deposited in the Costs of Issuance Fund;

(vi) \$281,000.00 shall be deposited in the Harborview Reserve Account, being the initial Harborview Reserve Requirement;

(vii) \$296,625.00 shall be deposited in the Strathdale Reserve Account, being the initial Strathdale Reserve Requirement;

(viii) \$362,250.00 shall be deposited in the Clipper Mill Reserve Account, being the initial Clipper Mill Reserve Requirement; and

(ix) \$112,125.00 shall be deposited in the North Locust Point Reserve Account, being the initial North Locust Point Reserve Requirement.

(B) The proceeds of any Additional Bonds shall be deposited in accordance with the Supplemental Indenture authorizing the issuance of such Additional Bonds.

**Section 4.03. Costs of Issuance Fund.** Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a completed and executed requisition substantially in the form attached hereto as Exhibit B (each, a "**Costs of Issuance Requisition**"), together with all exhibits and attachments required thereby, delivered to the Trustee. Each Costs of Issuance Requisition shall be signed by an Authorized Officer.

Upon the direction of an Authorized Officer, the Trustee shall use any moneys remaining in the Costs of Issuance Fund to pay Debt Service on the next Interest Payment Date by depositing a *pro rata* share of such amounts into the Harborview Debt Service Account, the Strathdale Debt Service Account, the Clipper Mill Debt Service Account, and the North Locust Point Debt Service Account, respectively, based on the original principal amount of the Harborview Refunding Bonds, the Strathdale Refunding Bonds, the Clipper Mill Refunding Bonds, and the North Locust Point Refunding Bonds.



Upon the earlier of (y) the date that is six months from the date of initial delivery of the Bonds or (z) the date on which no amounts remain in the Costs of Issuance Fund, the Costs of Issuance Fund shall be closed and any remaining amounts on deposit therein shall be transferred to the City and deposited *pro rata* into the Harborview Administrative Expense Account, the Strathdale Administrative Expense Account, the Clipper Mill Administrative Expense Account, and the North Locust Point Administrative Expense Account, based on the original principal amount of the Harborview Refunding Bonds, the Strathdale Refunding Bonds, the Clipper Mill Refunding Bonds, and the North Locust Point Refunding Bonds.

**Section 4.04. Debt Service Fund.**

(A) On each Interest Payment Date and on each date on which the principal or Redemption Price of, or Sinking Fund Installment for, any Bonds becomes due, the Trustee shall withdraw from the applicable account within the Debt Service Fund and pay to the Holders of the Bonds secured thereby the principal or Redemption Price of (including Sinking Fund Installments) and interest and premium, if any, on the applicable Bonds then due and payable.

(B) If on the date which is fifteen (15) Business Days before an Interest Payment Date, the Trustee determines that, after taking into account amounts expected to be available for transfer pursuant to Section 4.05, Section 4.06, Section 4.07, or any other provision of this Indenture, amounts on deposit in (i) the Harborview Debt Service Account will not be sufficient to pay Harborview Debt Service becoming due on such Interest Payment Date, (ii) the Strathdale Debt Service Account will not be sufficient to pay Strathdale Debt Service becoming due on such Interest Payment Date, (iii) the Clipper Mill Debt Service Account will not be sufficient to pay Clipper Mill Debt Service becoming due on such Interest Payment Date, or (iv) the North Locust Point Debt Service Account will not be sufficient to pay North Locust Point Debt Service becoming due on such Interest Payment Date, in each case the Trustee shall give the City and the Administrator written notice of such deficiency.

(C) (i) Subject to the provisions of paragraphs (A) and (B) of this Section, available moneys in the Debt Service Fund, and the accounts therein, shall be applied by the Trustee to the purchase or redemption of Bonds secured thereby of such maturities as the City shall direct.

(ii) Notwithstanding the foregoing, if the City directs the Trustee to purchase Bonds with amounts on deposit in any account of the Debt Service Fund being held for the payment of any Sinking Fund Installments becoming due on any Term Bonds secured thereby in any year, such amounts shall be applied solely to the purchase of such Term Bonds, *provided that*, if in any Fiscal Year the amount credited against the Sinking Fund Installment for such Term Bonds in accordance with Section 3.01 equals or exceeds the Sinking Fund Installment for such Term Bonds due on the immediately succeeding June 15, any excess amount on deposit in the applicable account of the Debt Service Fund for the payment of such Sinking Fund Installment shall be applied by the Trustee to the purchase of any Bonds secured thereby and then outstanding as shall be directed by the City.

(iii) Moneys required to pay the principal or Redemption Price of or interest on any Bonds shall not be deemed to be available for application as provided in this Section. Any Bonds purchased pursuant to this Section shall be registered in such names or cancelled as the City shall direct.

(D) If the City shall determine to provide for the payment of any Bonds as provided in Section 8.01, amounts on deposit in the Debt Service Fund, and the accounts therein, for the payment of

Debt Service on such Bonds secured thereby shall be paid to the escrow deposit agent for such Bonds upon the order of the City.

(E) Amounts deposited in the Debt Service Fund will be depleted at least once each Bond Year except for a reasonable carryover amount, if any, not to exceed the greater of (i) the earnings on the Debt Service Fund for the immediately preceding Bond Year, or (ii) one-twelfth of the debt service due on the Bonds for the immediately preceding Bond Year.

**Section 4.05. Reserve Fund.**

(A) (i) If on any Interest Payment Date or any date on which the principal amount or Redemption Price of or any Sinking Fund Installment for any of the Harborview Refunding Bonds secured by the Harborview Reserve Account becomes due and the amount credited to the Harborview Debt Service Account shall be less than the amount of the principal or Redemption Price of, the Sinking Fund Installment for and the interest due on such date (after taking into effect amounts transferred pursuant to Section 4.07(B)), the Trustee forthwith shall transfer moneys from the Harborview Reserve Account to the Harborview Debt Service Account, to the extent necessary to make good any deficiency.

(ii) If on any Interest Payment Date or any date on which the principal amount or Redemption Price of or any Sinking Fund Installment for any of the Strathdale Refunding Bonds secured by the Strathdale Reserve Account becomes due and the amount credited to the Strathdale Debt Service Account shall be less than the amount of the principal or Redemption Price of, the Sinking Fund Installment for and the interest due on such date (after taking into effect amounts transferred pursuant to Section 4.07(B)), the Trustee forthwith shall transfer moneys from the Strathdale Reserve Account to the Strathdale Debt Service Account, to the extent necessary to make good any deficiency.

(iii) If on any Interest Payment Date or any date on which the principal amount or Redemption Price of or any Sinking Fund Installment for any of the Clipper Mill Refunding Bonds secured by the Clipper Mill Reserve Account becomes due and the amount credited to the Clipper Mill Debt Service Account shall be less than the amount of the principal or Redemption Price of, the Sinking Fund Installment for and the interest due on such date (after taking into effect amounts transferred pursuant to Section 4.07(B)), the Trustee forthwith shall transfer moneys from the Clipper Mill Reserve Account to the Clipper Mill Debt Service Account, to the extent necessary to make good any deficiency.

(iv) If on any Interest Payment Date or any date on which the principal amount or Redemption Price of or any Sinking Fund Installment for any of the North Locust Point Refunding Bonds secured by the North Locust Point Reserve Account becomes due and the amount credited to the North Locust Point Debt Service Account shall be less than the amount of the principal or Redemption Price of, the Sinking Fund Installment for and the interest due on such date (after taking into effect amounts transferred pursuant to Section 4.07(B)), the Trustee forthwith shall transfer moneys from the North Locust Point Reserve Account to the North Locust Point Debt Service Account, to the extent necessary to make good any deficiency.

(v) If on any Interest Payment Date or any date on which the principal amount or Redemption Price of or any Sinking Fund Installment for any Additional Bonds secured by a reserve fund becomes due and the amount credited to the Debt Service Fund for such Additional Bonds shall be less than the amount of the principal or Redemption Price of, the Sinking Fund Installment for and the interest on such Additional Bonds due on such date (after taking into effect amounts transferred pursuant to Section 4.07(B)), the Trustee forthwith shall transfer

moneys from the reserve fund, if any, securing such Additional Bonds to the Debt Service Fund for such Additional Bonds, to the extent necessary to make good any deficiency.

(B) Whenever transfer is made from any Reserve Fund, or account therein, to the applicable Debt Service Fund, or account therein, due to a deficiency described in paragraph (A) of this Section, the Trustee shall provide written notice thereof to the City and the Administrator, specifying the amount withdrawn.

(C) (i) The Trustee shall determine the value of the assets of each Reserve Fund, and each account therein, on each Interest Payment Date and on any other date at the request of an Authorized Officer pursuant to Section 4.09(D).

(ii) If the amount in any Reserve Fund, or account therein, exceeds the Reserve Requirement for the Bonds secured thereby, the Trustee shall provide written notice to the City of the amount of the excess and shall transfer, in the following order of priority, the excess from such account within the Reserve Fund, (i) to the City an amount equal to the City Expenses with respect to the applicable Districts due for the next Fiscal Year, plus any City Expenses with respect to the applicable Districts then due and payable (all as reflected in a certificate of the Authorized Officer delivered to the Trustee) and (ii) to the account within the Debt Service Fund securing such Bonds.

(D) In determining the value of the assets of any Reserve Fund, or account therein, there shall be credited to such Reserve Fund the amount that can be realized by the Trustee under any letter of credit, insurance policy, guaranty, surety bond or other similar facility (a “**Reserve Fund Credit Facility**”) delivered to the Trustee by the City if each of the following conditions is met: (i) on the date of delivery of such Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest rating categories of at least one Rating Agency (without regard to any gradation within such category); (ii) such Reserve Fund Credit Facility requires that the issuer thereof provide written notice to the Trustee of any downgrade in any rating of such issuer if the result of such downgrade would cause such rating to fall below the requirements set forth in clause (i) above and, as of the date of valuation, the Trustee has not received such notice; (iii) such Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any excess) from the Reserve Fund in accordance with this Indenture; (iv) such Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder (a) prior to the expiration thereof, if no replacement Reserve Fund Credit Facility is delivered to the Trustee prior the such expiration date, unless the expiration date of such Reserve Fund Credit Facility is after the maturity date of the Bonds secured thereby and (b) upon any downgrade in any rating of the issuer thereof if such downgrade would cause such rating to fall below the requirements set forth in clause (i) above; and (v) on the date of delivery of such Reserve Fund Credit Facility to the Trustee, there has been delivered to the City and the Trustee a written opinion of Bond Counsel, subject to customary exceptions and qualifications, that the delivery of such Reserve Fund Credit Facility will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued.

(E) Whenever the balance in any account in the Reserve Fund equals or exceeds the amount required to redeem or pay all Outstanding Bonds secured by such account in the Reserve Fund, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, upon the direction of the City, the Trustee shall transfer the amount in such account in the Reserve Fund to the applicable account in the Debt Service Fund. In the event that the amount so transferred to the applicable account within the Debt Service Fund exceeds the amount required to pay and redeem the Outstanding Bonds secured thereby, the amount of the excess shall be transferred to the City free and

clear of the lien of this Indenture. Notwithstanding the foregoing, no amounts shall be transferred from any Reserve Fund pursuant to this paragraph until after the calculation of any amount due to the United States of America pursuant to Section 5.08 following payment of the Bonds secured thereby and withdrawal of any required amount from the Reserve Fund for purposes of making such payment.

**Section 4.06. Tax Increment Funds; Special Tax Funds.**

(A) Amounts in the Tax Increment Funds shall be held by the City separate and apart from other funds and accounts of the City. As soon as practicable following receipt thereof, the City shall deposit:

(i) all Harborview Tax Increment Revenues received by the City for real property in the Harborview Development District to the credit of the Harborview Tax Increment Fund;

(ii) all Strathdale Tax Increment Revenues received by the City for real property in the Strathdale Development District to the credit of the Strathdale Tax Increment Fund;

(iii) all Clipper Mill Tax Increment Revenues received by the City for real property in the Clipper Mill Development District to the credit of the Clipper Mill Tax Increment Fund; and

(iv) all North Locust Point Tax Increment Revenues received by the City for real property in the North Locust Point Development District to the credit of the North Locust Point Tax Increment Fund.

(B) Amounts in the Special Tax Funds shall be held by the City separate and apart from other funds and accounts of the City. As soon as practicable following receipt thereof, the City shall deposit:

(i) all Harborview Special Tax Revenues received by the City for real property in the Harborview Special Taxing District to the credit of the Harborview Special Tax Fund;

(ii) all Strathdale Special Tax Revenues received by the City for real property in the Strathdale Special Taxing District to the credit of the Strathdale Special Tax Fund;

(iii) all Clipper Mill Special Tax Revenues received by the City for real property in the Clipper Mill Special Taxing District to the credit of the Clipper Mill Special Tax Fund; and

(iv) all North Locust Point Special Tax Revenues received by the City for real property in the North Locust Point Special Taxing District to the credit of the North Locust Point Special Tax Fund.

(C) Within each Fiscal Year, on each December 1 and the following June 1 (with respect to payments of principal of and interest on the Harborview Refunding Bonds on the immediately succeeding Interest Payment Date) and on any other date required for the payment of any other obligations relating to the Harborview Districts, the City shall withdraw moneys representing:

FIRST: the Harborview Tax Increment Revenues from the Harborview Tax Increment Fund and

SECOND: the Harborview Special Tax Revenues from the Harborview Special Tax Fund, but only to the extent amounts provided for in clause FIRST above are insufficient to pay the amounts required by clauses (i) through (iii) below,

and transfer such moneys in the following amounts for the following purposes in the following order of priority:

(i) to the Trustee, for deposit to the Harborview Debt Service Account, the amount necessary after taking into account any other amounts then on deposit in the Harborview Debt Service Account to make the amount in Harborview Debt Service Account equal the Harborview Debt Service due on the immediately succeeding Interest Payment Date or such other payment date, as applicable,

(ii) to the Trustee for deposit to the Harborview Reserve Account, the amount necessary, taking into account amounts then on deposit in the Harborview Reserve Account after giving effect to any amount required to be transferred from the Harborview Reserve Account to the Harborview Debt Service Account, to make the amount in the Harborview Reserve Account equal the Harborview Reserve Requirement, and

(iii) to the Harborview Administrative Expense Account, such amount as shall be determined by the City to be necessary to pay City Expenses (as reflected in a certificate of the Authorized Officer delivered to the Trustee) allocable to the Harborview Districts;

*provided that* the City's obligation to make such withdrawals from the Harborview Tax Increment Fund and the Harborview Special Tax Fund shall be subject to annual appropriation by the City for such purposes.

(D) Within each Fiscal Year, on each December 1 and the following June 1 (with respect to payments of principal of and interest on the Strathdale Refunding Bonds on the immediately succeeding Interest Payment Date) and on any other date required for the payment of any other obligations relating to the Strathdale Districts, the City shall withdraw moneys representing:

FIRST: the Strathdale Tax Increment Revenues from the Strathdale Tax Increment Fund and

SECOND: the Strathdale Special Tax Revenues from the Strathdale Special Tax Fund, but only to the extent amounts provided for in clause FIRST above are insufficient to pay the amounts required by clauses (i) through (iii) below,

and transfer such moneys in the following amounts for the following purposes in the following order of priority:

(i) to the Trustee, for deposit to the Strathdale Debt Service Account, the amount necessary after taking into account any other amounts then on deposit in the Strathdale Debt Service Account to make the amount in Strathdale Debt Service Account equal the Strathdale Debt Service due on the immediately succeeding Interest Payment Date or such other payment date, as applicable,

(ii) to the Trustee for deposit to the Strathdale Reserve Account, the amount necessary, taking into account amounts then on deposit in the Strathdale Reserve Account after giving effect to any amount required to be transferred from the Strathdale Reserve Account to the Strathdale Debt Service Account, to make the amount in the Strathdale Reserve Account equal the Strathdale Reserve Requirement, and

(iii) to the Strathdale Administrative Expense Account, such amount as shall be determined by the City to be necessary to pay City Expenses (as reflected in a certificate of the Authorized Officer delivered to the Trustee) allocable to the Strathdale Districts;

*provided that* the City's obligation to make such withdrawals from the Strathdale Tax Increment Fund and the Strathdale Special Tax Fund shall be subject to annual appropriation by the City for such purposes.

(E) Within each Fiscal Year, on each December 1 and the following June 1 (with respect to payments of principal of and interest on the Clipper Mill Refunding Bonds on the immediately succeeding Interest Payment Date) and on any other date required for the payment of any other obligations relating to the Clipper Mill Districts, the City shall withdraw moneys representing:

FIRST: the Clipper Mill Tax Increment Revenues from the Clipper Mill Tax Increment Fund and

SECOND: the Clipper Mill Special Tax Revenues from the Clipper Mill Special Tax Fund, but only to the extent amounts provided for in clause FIRST above are insufficient to pay the amounts required by clauses (i) through (iii) below,

and transfer such moneys in the following amounts for the following purposes in the following order of priority:

(i) to the Trustee, for deposit to the Clipper Mill Debt Service Account, the amount necessary after taking into account any other amounts then on deposit in the Clipper Mill Debt Service Account to make the amount in Clipper Mill Debt Service Account equal the Clipper Mill Debt Service due on the immediately succeeding Interest Payment Date or such other payment date, as applicable,

(ii) to the Trustee for deposit to the Clipper Mill Reserve Account, the amount necessary, taking into account amounts then on deposit in the Clipper Mill Reserve Account after giving effect to any amount required to be transferred from the Clipper Mill Reserve Account to the Clipper Mill Debt Service Account, to make the amount in the Clipper Mill Reserve Account equal the Clipper Mill Reserve Requirement, and

(iii) to the Clipper Mill Administrative Expense Account, such amount as shall be determined by the City to be necessary to pay City Expenses (as reflected in a certificate of the Authorized Officer delivered to the Trustee) allocable to the Clipper Mill Districts;

*provided that* the City's obligation to make such withdrawals from the Clipper Mill Tax Increment Fund and the Clipper Mill Special Tax Fund shall be subject to annual appropriation by the City for such purposes.

(F) Within each Fiscal Year, on each December 1 and the following June 1 (with respect to payments of principal of and interest on the North Locust Point Bonds on the immediately succeeding Interest Payment Date) and on any other date required for the payment of any other obligations relating to the North Locust Point Districts, the City shall withdraw moneys representing:

FIRST: the North Locust Point Tax Increment Revenues from the North Locust Point Tax Increment Fund and

SECOND: the North Locust Point Special Tax Revenues from the North Locust Point Special Tax Fund, but only to the extent amounts provided for in clause FIRST above are insufficient to pay the amounts required by clauses (i) through (iii) below,

and transfer such moneys in the following amounts for the following purposes in the following order of priority:

(i) to the Trustee, for deposit to the North Locust Point Debt Service Account, the amount necessary after taking into account any other amounts then on deposit in the North Locust Point Debt Service Account to make the amount in North Locust Point Debt Service Account equal North Locust Point Debt Service due on the immediately succeeding Interest Payment Date or such other payment date, as applicable,

(ii) to the Trustee for deposit to the North Locust Point Reserve Account, the amount necessary, taking into account amounts then on deposit in the North Locust Point Reserve Account after giving effect to any amount required to be transferred from the North Locust Point Reserve Account to the North Locust Point Debt Service Account, to make the amount in the North Locust Point Reserve Account equal the North Locust Point Reserve Requirement, and

(iii) to the North Locust Point Administrative Expense Account, such amount as shall be determined by the City to be necessary to pay City Expenses (as reflected in a certificate of the Authorized Officer delivered to the Trustee) allocable to the North Locust Point Districts;

*provided that* the City's obligation to make such withdrawals from the North Locust Point Tax Increment Fund and the North Locust Point Special Tax Fund shall be subject to annual appropriation by the City for such purposes.

(G) After the City has made the transfers on each December 1 required by clauses (C)(i), (D)(i), (E)(i), and (F)(i) of this Section (with respect to payments of interest due on the immediately succeeding December 15 on the applicable portion of the Series 2015 Bonds),

(i) if the amount credited to the Harborview Debt Service Account, Strathdale Debt Service Account, Clipper Mill Debt Service Account, and North Locust Point Debt Service Account, as applicable, is less than the amount of the interest due on the immediately succeeding December 15 with respect to the portion of the Series 2015 Bonds secured thereby (such aggregate deficiency, if any, being hereinafter referred to as the "**Deficient Debt Service**") and the City receives from the Administrator, or from such other party satisfactory to the City in its sole discretion, a certification that there are Projected Excess Tax Increment Revenues,

(ii) then the City shall transfer such Projected Excess Tax Increment Revenues to the Excess Tax Increment Revenue Account in an amount equal to the lesser of (1) the amount of such Projected Excess Tax Increment Revenues or (2) the Deficient Debt Service. To the extent two or more Development Districts are reasonably projected to have Projected Excess Tax Increment Revenues and the aggregate amount of such Projected Excess Tax Increment Revenues exceeds the Deficient Debt Service, then the City shall transfer the Projected Excess Tax Increment Revenues from such Development Districts *pro rata* based on the respective amounts of the Projected Excess Tax Increment Revenues available to be transferred.

(H) On June 1 of each year,

(i) after the City has made the transfers required by clauses (i) through (iii) of paragraph (C) of this Section, and subject to the provisions of any Supplemental Indenture, any balance on deposit in, or deposited to the Harborview Tax Increment Fund shall be transferred to the Excess Tax Increment Revenue Account, and any balance on deposit in the Harborview Special Tax Fund may be transferred by the City to the Trustee for deposit to the Harborview Debt Service Account as shall be directed by the City, but in each case subject to appropriation of such amounts by the City for such purpose;

(ii) after the City has made the transfers required by clauses (i) through (iii) of paragraph (D) of this Section, and subject to the provisions of any Supplemental Indenture, any balance on deposit in, or deposited to the Strathdale Tax Increment Fund shall be transferred to the Excess Tax Increment Revenue Account, and any balance on deposit in the Strathdale Special Tax Fund may be transferred by the City to the Trustee for deposit to the Strathdale Debt Service Account as shall be directed by the City, but in each case subject to appropriation of such amounts by the City for such purpose;

(iii) after the City has made the transfers required by clauses (i) through (iii) of paragraph (E) of this Section, and subject to the provisions of any Supplemental Indenture, any balance on deposit in, or deposited to the Clipper Mill Tax Increment Fund shall be transferred to the Excess Tax Increment Revenue Account, and any balance on deposit in the Clipper Mill Special Tax Fund may be transferred by the City to the Trustee for deposit to the Clipper Mill Debt Service Account as shall be directed by the City, but in each case subject to appropriation of such amounts by the City for such purpose; and

(iv) after the City has made the transfers required by clauses (i) through (iii) of paragraph (F) of this Section, and subject to the provisions of any Supplemental Indenture, any balance on deposit in, or deposited to the North Locust Point Tax Increment Fund shall be transferred to the Excess Tax Increment Revenue Account and any balance on deposit in the North Locust Point Special Tax Fund may be transferred by the City to the Trustee for deposit to the North Locust Point Debt Service Account as shall be directed by the City, but in each case subject to appropriation of such amounts by the City for such purpose.

#### **Section 4.07. Excess Tax Increment Revenue Account.**

(A) Amounts in the Excess Tax Increment Revenue Account shall be held by the City separate and apart from other funds and accounts of the City. As soon as practicable following receipt thereof, the City shall deposit amounts required to be transferred pursuant to Sections 4.06(G) and 4.06(H) to the credit of the Excess Tax Increment Revenue Account.

(B) If on any Interest Payment Date or any date on which the principal amount or Redemption Price of or any Sinking Fund Installment for any Bond becomes due and the amount credited to the applicable account within the Debt Service Fund (after taking into account all transfers to such account required by this Indenture) shall be less than the amount of the principal of (including any Sinking Fund Installment) and the interest on any Bonds due on such date, the City shall, prior to making any transfer from the applicable account within the Reserve Fund, transfer moneys from the Excess Tax Increment Revenue Account to the Trustee for deposit in the applicable account within the Debt Service Fund, to the extent necessary to make good any deficiency; *provided that* the City's obligation to make such transfer from the Excess Tax Increment Revenue Account shall be subject to annual appropriation by the City for such purposes. If there is a deficiency in more than one account within the Debt Service



Fund (after taking into account all transfers to such account required by this Indenture), and amounts in the Excess Tax Increment Revenue Account are insufficient to pay in full each such deficiency, then the City shall transfer a *pro rata* share of amounts within the Excess Tax Increment Revenue Account into such accounts based on the deficient Debt Service with respect to each such account.

(C) On each June 20, any funds in the Excess Tax Increment Revenue Account not required for the payment of Debt Service due during such Fiscal Year shall be withdrawn by the City free and clear of the lien of this Indenture.

**Section 4.08. Administrative Expense Fund.**

(A) Amounts on deposit in the Harborview Administrative Expense Account may be used by the City to pay City Expenses with respect to the Harborview Districts from time to time. Amounts on deposit in the Strathdale Administrative Expense Account may be used by the City to pay City Expenses with respect to the Strathdale Districts from time to time. Amounts on deposit in the Clipper Mill Administrative Expense Account may be used by the City to pay City Expenses with respect to the Clipper Mill Districts from time to time. Amounts on deposit in the North Locust Point Administrative Expense Account may be used by the City to pay City Expenses with respect to the North Locust Point Districts from time to time. The City shall maintain records of all City Expenses paid by the City from time to time, including the nature of such City Expenses.

(B) Annually, on the last day of each Fiscal Year,

(i) commencing with the first Fiscal Year in which the Harborview Tax Increment Revenues collected by the City are not less than the sum of the Harborview Debt Service due on December 15 and the following June 15 of such Fiscal Year, as evidenced by a certificate of an Authorized Officer to the Trustee, the City may withdraw any amounts then remaining in the Harborview Administrative Expense Account that are not required to pay City Expenses with respect to the Harborview Districts incurred but not yet paid, and which are not otherwise encumbered;

(ii) commencing with the first Fiscal Year in which the Strathdale Tax Increment Revenues collected by the City are not less than the sum of the Strathdale Debt Service due on December 15 and the following June 15 of such Fiscal Year, as evidenced by a certificate of an Authorized Officer to the Trustee, the City may withdraw any amounts then remaining in the Strathdale Administrative Expense Account that are not required to pay City Expenses with respect to the Strathdale Districts incurred but not yet paid, and which are not otherwise encumbered;

(iii) commencing with the first Fiscal Year in which the Clipper Mill Tax Increment Revenues collected by the City are not less than the sum of the Clipper Mill Debt Service due on December 15 and the following June 15 of such Fiscal Year, as evidenced by a certificate of an Authorized Officer to the Trustee, the City may withdraw any amounts then remaining in the Clipper Mill Administrative Expense Account that are not required to pay City Expenses with respect to the Clipper Mill Districts incurred but not yet paid, and which are not otherwise encumbered; and

(iv) commencing with the first Fiscal Year in which the North Locust Point Tax Increment Revenues collected by the City are not less than the sum of the North Locust Point Debt Service due on December 15 and the following June 15 of such Fiscal Year, as evidenced by a certificate of an Authorized Officer to the Trustee, the City may withdraw any amounts then

remaining in the North Locust Point Administrative Expense Account that are not required to pay City Expenses with respect to the North Locust Point Districts incurred but not yet paid, and which are not otherwise encumbered.

(C) Notwithstanding the provisions of paragraph (B) of this Section, any amounts on deposit in any account within the Administrative Expense Fund representing bond proceeds or investment earnings thereon shall be held in such account within the Administrative Expense Fund and used by the City to pay City Expenses with respect to the applicable Districts; *provided, however*, that any such amounts remaining on deposit in any account within the Administrative Expense Fund on the third anniversary of the Closing Date shall be withdrawn from such account within the Administrative Expense Fund and paid over to the Trustee for deposit to the applicable account within the Debt Service Fund.

#### **Section 4.09. Investments.**

(A) Subject to the provisions of Section 5.08, if applicable, moneys in any fund or account established pursuant to this Indenture and held by the Trustee shall be invested by the Trustee as directed by an Authorized Officer, but only in Permitted Investments. In the absence of any such direction, the Trustee shall invest any such moneys in Permitted Investments described in clause (g) of the definition thereof or in Government Obligations. The Authorized Officer shall direct the investment of such funds so as to comply with Section 5.08, if applicable.

(B) Subject to the provisions of Section 5.08, if applicable, (i) moneys in the Special Tax Funds shall be invested by the City in Permitted Investments and (ii) moneys in the Tax Increment Funds, the Excess Tax Increment Revenue Account, and in any other fund or account established pursuant to this Indenture and held by the City shall be invested in any lawful investment for funds of the City.

(C) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Trustee nor the City shall incur any liability for losses arising from any investments made in accordance with this Section.

(D) In determining the value of the assets of the funds and accounts created by this Indenture, investments and accrued interest thereon shall be deemed a part thereof. Investments shall be valued at current market value. Interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by this Indenture shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made.

(E) Investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee or the City hereunder, *provided that* the Trustee or the City, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Indenture.

(F) The Trustee will furnish the City and the Administrator with monthly statements of the funds and accounts established hereunder that are held by the Trustee, which statements shall include detail for all investment transactions made by the Trustee hereunder.

**Section 4.10. Priority of Payments Following Default.** Subject to the provisions of Section 4.04(C), if on any date on which the principal or Redemption Price of (including any Sinking Fund Installments)

or interest on any Bond becomes due, the amounts on deposit in the funds and accounts established pursuant to the Ordinances and this Indenture and available for the payment thereof are not sufficient to provide for such payments, amounts held by the Trustee or the City hereunder and under the Ordinances (*provided, however*, with respect to moneys held in the Tax Increment Funds, the Special Tax Funds, and the Excess Tax Increment Revenue Account, only to the extent such amounts have been appropriated by the City for such purposes and transferred to the Trustee), together with any moneys thereafter becoming available for such purpose shall be applied, after payment of fees and expenses of the Trustee (including reasonable attorneys fees) and payment of City Expenses, as follows:

FIRST: to the payment to the Holders of the Bonds entitled thereto of all installments of interest then due on the Bonds Outstanding, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Bonds that shall have become due and payable, in the order of their due dates, with interest upon the principal amount of such Bonds from the respective dates upon which such principal shall have become due and payable and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds; and

THIRD: to the payment of the interest on and the principal of the Bonds Outstanding as the same become due and payable.

Notwithstanding the foregoing provisions,

(i) amounts on deposit in any fund or account maintained for any particular Series of Bonds shall be applied solely to the payment of amounts due on such Bonds;

(ii) amounts on deposit in the Harborview Debt Service Account and Harborview Reserve Account shall be applied solely to the payment of Harborview Debt Service, amounts on deposit in the Strathdale Debt Service Account and Strathdale Reserve Account shall be applied solely to the payment of Strathdale Debt Service, amounts on deposit in the Clipper Mill Debt Service Account and Clipper Mill Reserve Account shall be applied solely to the payment of Clipper Mill Debt Service, and amounts on deposit in the North Locust Point Debt Service Account and North Locust Point Reserve Account shall be applied solely to the payment of North Locust Point Debt Service;

(iii) amounts on deposit in the Harborview Tax Increment Fund and Harborview Special Tax Fund shall be applied solely to the payment of amounts due on the Harborview Refunding Bonds, amounts on deposit in the Strathdale Tax Increment Fund and Strathdale Special Tax Fund shall be applied solely to the payment of amounts due on the Strathdale Refunding Bonds, amounts on deposit in the Clipper Mill Tax Increment Fund and Clipper Mill Special Tax Fund shall be applied solely to the payment of amounts due on the Clipper Mill Refunding Bonds, and amounts on deposit in the North Locust Point Tax Increment Fund and North Locust Point Special Tax Fund shall be applied solely to the payment of amounts due on

the North Locust Point Refunding Bonds, *provided, however*, in each such case only to the extent such amounts have been appropriated by the City for such purposes and transferred to the Trustee;

(iv) amounts in the Excess Tax Increment Revenue Account shall be allocated *pro rata* among the Outstanding Bonds of each Series on the basis of the amounts of principal and interest then due on such Bonds after giving effect to the application of amounts in clauses (i) through (iii) above, *provided, however*, only to the extent such amounts have been appropriated by the City for such purposes and transferred to the Trustee; and

(v) any other amounts held by the Trustee or the City hereunder and under the Ordinances shall be allocated *pro rata* among the Outstanding Bonds of each Series on the basis of the amounts of principal and interest then due on such Bonds after giving effect to the application of amounts in clauses (i) through (iv) above.

Prior to the application of any moneys that constitute proceeds of any Series of Tax-Exempt Bonds or the investment earnings on such proceeds to the payment of any Bond of any other Series, the Trustee shall obtain a written opinion of Bond Counsel, subject to customary exceptions and qualifications, to the effect that such action will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the benefit of all Holders of Bonds Outstanding shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the City, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal of the Bonds to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The provisions of this paragraph shall be subject in all respects to the provisions of the Bonds with respect to the payment of defaulted interest on the Bonds. The Trustee shall not be required to make payment to the holder of any Bond unless such Bond shall be presented to the Trustee.

**Section 4.11. Application of Funds for Retirement of Bonds.** If the City shall determine to provide for the payment or redemption of all Outstanding Bonds, amounts on deposit in any fund or account created by this Indenture shall be transferred to the Debt Service Fund or any escrow deposit agent for the Bonds for the payment of the principal or Redemption Price of or interest on such Bonds upon the written direction of the City.

**Section 4.12. Unclaimed Moneys.** Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the principal of, and the interest and premium on, the Bonds which remains unclaimed for the lesser of one (1) year or the day before the maximum time allowed by applicable law after the date when the payment of such principal, interest and premium have become payable, shall be repaid by the Trustee to the City as its absolute property free from any trust, and the Trustee shall thereupon be released and discharged with respect thereto and the

Holders shall look only to the City for the payment of the principal of, and interest and premium on, such Bonds.

## **ARTICLE V COVENANTS OF THE CITY**

**Section 5.01. Punctual Payment.** Subject to the provisions of this Indenture, the City will punctually pay or cause to be paid, but solely from the Pledged Revenues appropriated by the City for such purposes, the Debt Service due on the Bonds when and as due in strict conformity with the terms of this Indenture, the Bonds and any Supplemental Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, the Bonds and any Supplemental Indenture.

**Section 5.02. Bonds Constitute Special Obligations.** The Bonds are special obligations of the City, payable solely from the Pledged Revenues and certain other assets and revenues pledged by the City under the Ordinances and this Indenture, including certain other funds held by the Trustee hereunder, *provided that* the Pledged Revenues in the Tax Increment Funds, the Special Tax Funds, and the Excess Tax Increment Revenue Account are not irrevocably pledged to the payment of the principal of and interest on the Bonds, and the obligation to pay the principal of, Redemption Price, and interest on the Bonds from the Pledged Revenues is subject to appropriation by the City. The Bonds do not constitute a general obligation debt of the City or pledge of the City's full faith and credit or taxing power. The Bonds do not constitute an indebtedness of the City within the meaning of Section 7 of Article XI of the Maryland State Constitution or any other constitutional, charter or statutory provision. Except for the Pledged Revenues, no other taxes or assessments are pledged to the payment of the Bonds.

Amounts in the Administrative Expense Fund, the Costs of Issuance Fund and the Rebate Fund are not pledged to the repayment of the Bonds.

No part of the Projects financed with the proceeds of the Prior Bonds is in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of any part of the Projects are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

**Section 5.03. Covenant to Seek Appropriation.**

(A) **Tax Increment Funds and Special Tax Funds.** The Director of Finance shall, to the extent permitted by applicable law, do all things within his or her power annually to request the appropriation of funds constituting Tax Increment Revenues and Special Tax Revenues by the City Council sufficient for the payment of Debt Service on the Series 2015 Bonds, and all other obligations of the City hereunder, when due and payable, including (but not limited to) the appropriation of amounts in the Tax Increment Funds and the Special Tax Funds. The City covenants to apply all such Pledged Revenues so appropriated toward the payment of its obligations under this Indenture and the Series 2015 Bonds.

(B) **Excess Tax Increment Revenue Account.** To the extent that amounts

(i) on deposit in the funds and accounts hereunder eligible to be applied to the Harborview Debt Service, in the Harborview Tax Increment Fund, and in the Harborview Special Tax Fund are insufficient to pay Harborview Debt Service,

(ii) on deposit in the funds and accounts hereunder eligible to be applied to the Strathdale Debt Service, in Strathdale Tax Increment Fund, and in the Strathdale Special Tax Fund are insufficient to pay Strathdale Debt Service,

(iii) on deposit in the funds and accounts hereunder eligible to be applied to the Clipper Mill Debt Service, in the Clipper Mill Tax Increment Fund, and the Clipper Mill Special Tax Fund are insufficient to pay Clipper Mill Debt Service, or

(iv) on deposit in the funds and accounts hereunder eligible to be applied to the North Locust Point Debt Service, in the North Locust Point Tax Increment Fund and the North Locust Point Special Tax Fund are insufficient to pay North Locust Point Debt Service,

the Director of Finance shall, to the extent permitted by applicable law, do all things within his or her power annually to request the appropriation of any amounts in the Excess Tax Increment Revenue Account by the City Council sufficient for the payment of Harborview Debt Service, Strathdale Debt Service, Clipper Mill Debt Service, or North Locust Point Debt Service, as applicable, when due and payable. The City covenants to apply all funds so appropriated toward the payment of such obligations under this Indenture and the Bonds.

#### **Section 5.04. Encumbrances.**

(A) The City shall not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Revenues or other amounts pledged to the Bonds superior to, or on a parity with the pledge and lien herein created for the benefit of the Bonds except as permitted by this Indenture; *provided, however*, that nothing herein shall be deemed to limit the right of the City to pledge and assign its interest in:

- (i) any Special Tax Revenues to secure any subordinate obligations issued for a Special Taxing District from which such Special Tax Revenues are derived in accordance with the Special Taxing District Act, so long as such obligations are payable solely from any Special Tax Revenues remaining on deposit in the applicable Special Tax Fund securing such subordinate obligations on June 15 of any Fiscal Year after the transfers to the applicable accounts within the Debt Service Fund, the Reserve Fund, and the Administrative Expense Fund required by Section 4.06 (and, with respect to any Additional Bonds, the applicable provisions of the Supplemental Indenture that authorized the issuance of such Additional Bonds) are made and
- (ii) any Excess Tax Increment Revenues to secure any subordinate obligations issued for a Development District from which Tax Increment Revenues are derived in accordance with the Tax Increment Act, so long as such obligations are payable solely from any Excess Tax Increment Revenues remaining on deposit in the Excess Tax Increment Revenue Account on June 15 of any Fiscal Year after the transfers to the applicable accounts within the Debt Service Fund required by Section 4.07 (and, with respect to any Additional Bonds, the applicable provisions of the Supplemental Indenture that authorized the issuance of such Additional Bonds) are made.

(B) With respect to any subordinate obligations meeting the requirements of paragraph (A), to the extent Special Tax Revenues or Excess Tax Increment Revenues are available to the City therefor, but in all respects subject to appropriation of any such amounts by the City for the purposes described in this Section, the City will cause to be discharged, or will make adequate provisions to satisfy and discharge, within 120 days after the same shall accrue, all lawful claims and demands that, if unpaid, might by law become a lien upon any Special Tax Revenues or Excess Tax Increment Revenues. Nothing contained in this Paragraph shall require the City to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

**Section 5.05. Books and Records.** The City will keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of all transactions relating to the Development Districts, the Special Taxing Districts, and the Pledged Revenues. Such books shall be subject to the inspection of the Trustee and any duly authorized representative of Holders of not less than ten percent (10%) of the Bonds, upon written request to the City by the Trustee or such representative, as applicable. The City shall provide the Trustee or such representative, as applicable, an opportunity to inspect such books and records during the City's regular business hours and on a mutually agreeable date not later than 30 days after the City receives such request.

**Section 5.06. Collection of Tax Increment Revenues and Special Tax Revenues.**

(A) The City shall comply in all material respects with all requirements of the Acts and the Ordinances to the extent required to assure the timely collection of Tax Increment Revenues and the Special Tax Revenues for the payment of the Bonds and other amounts payable hereunder. Without limiting the generality of the foregoing, the City covenants to collect the Special Taxes in accordance with the Special Taxing District Act, the Special Taxing District Ordinances, and the provisions of this Indenture.

(B) Prior to the beginning of each Fiscal Year, the Authorized Officer shall determine,

(i) taking into account the amount on deposit in the funds and accounts eligible to be applied to the Harborview Debt Service hereunder (except the Excess Tax Increment Revenue Account), the Harborview Debt Service and the amount of Harborview Tax Increment Revenues expected to be levied and collected in the ensuing Fiscal Year, whether Harborview Special Taxes need to be collected pursuant to the terms of the Harborview Special Taxing District Ordinance;

(ii) taking into account the amount on deposit in the funds and accounts eligible to be applied to the Strathdale Debt Service hereunder (except the Excess Tax Increment Revenue Account), the Strathdale Debt Service and the amount of Strathdale Tax Increment Revenues expected to be levied and collected in the ensuing Fiscal Year, whether Strathdale Special Taxes need to be collected pursuant to the terms of the Strathdale Special Taxing District Ordinance;

(iii) taking into account the amount on deposit in the funds and accounts eligible to be applied to the Clipper Mill Debt Service hereunder (except the Excess Tax Increment Revenue Account), the Clipper Mill Debt Service and the amount of Clipper Mill Tax Increment Revenues expected to be levied and collected in the ensuing Fiscal Year, whether Clipper Mill Special Taxes need to be collected pursuant to the terms of the Clipper Mill Special Taxing District Ordinance; and

(iv) taking into account the amount on deposit in the funds and accounts eligible to be applied to the North Locust Point Debt Service hereunder (except the Excess Tax Increment Revenue Account), the North Locust Point Debt Service and the amount of North Locust Point Tax Increment Revenues expected to be levied and collected in the ensuing Fiscal Year, whether North Locust Point Special Taxes need to be collected pursuant to the terms of the North Locust Point Special Taxing District Ordinance.

(C) If the Authorized Officer determines that collection of

(i) Harborview Special Taxes is required, the Authorized Officer shall ascertain the relevant parcel or parcels on which the Harborview Special Taxes are to be collected, taking into

account any parcel splits during the preceding and then current Fiscal Year and shall determine the amount of Harborview Special Taxes within the Harborview Special Taxing District required during the ensuing Fiscal Year for the purposes set forth in the Harborview Special Taxing District Ordinance, including the payment of the principal of and interest on any Outstanding Harborview Refunding Bonds, any necessary replenishment or expenditure of the Harborview Reserve Account, and an amount estimated to be sufficient to pay the City Expenses applicable to the Harborview Districts during such Fiscal Year, taking into account the balances in such funds or accounts, the Harborview Tax Increment Fund and the Harborview Special Tax Fund (but not the Excess Tax Increment Revenue Account);

(ii) Strathdale Special Taxes is required, the Authorized Officer shall ascertain the relevant parcel or parcels on which the Strathdale Special Taxes are to be collected, taking into account any parcel splits during the preceding and then current Fiscal Year and shall determine the amount of Strathdale Special Taxes within the Strathdale Special Taxing District required during the ensuing Fiscal Year for the purposes set forth in the Strathdale Special Taxing District Ordinance, including the payment of the principal of and interest on any Outstanding Strathdale Refunding Bonds, any necessary replenishment or expenditure of the Strathdale Reserve Account, and an amount estimated to be sufficient to pay the City Expenses applicable to the Strathdale Districts during such Fiscal Year, taking into account the balances in such funds or accounts, the Strathdale Tax Increment Fund and the Strathdale Special Tax Fund (but not the Excess Tax Increment Revenue Account);

(iii) Clipper Mill Special Taxes is required, the Authorized Officer shall ascertain the relevant parcel or parcels on which the Clipper Mill Special Taxes are to be collected, taking into account any parcel splits during the preceding and then current Fiscal Year and shall determine the amount of Clipper Mill Special Taxes within the Clipper Mill Special Taxing District required during the ensuing Fiscal Year for the purposes set forth in the Clipper Mill Special Taxing District Ordinance, including the payment of the principal of and interest on any Outstanding Clipper Mill Refunding Bonds, any necessary replenishment or expenditure of the Clipper Mill Reserve Account, and an amount estimated to be sufficient to pay the City Expenses applicable to the Clipper Mill Districts during such Fiscal Year, taking into account the balances in such funds or accounts, the Clipper Mill Tax Increment Fund and the Clipper Mill Special Tax Fund (but not the Excess Tax Increment Revenue Account); and/or

(iv) North Locust Point Special Taxes is required, the Authorized Officer shall ascertain the relevant parcel or parcels on which the North Locust Point Special Taxes are to be collected, taking into account any parcel splits during the preceding and then current Fiscal Year and shall determine the amount of North Locust Point Special Taxes within the North Locust Point Special Taxing District required during the ensuing Fiscal Year for the purposes set forth in the North Locust Point Special Taxing District Ordinance, including the payment of the principal of and interest on any Outstanding North Locust Point Refunding Bonds, any necessary replenishment or expenditure of the North Locust Point Reserve Account, and an amount estimated to be sufficient to pay the City Expenses applicable to the North Locust Point Districts during such Fiscal Year, taking into account the balances in such funds or accounts, the North Locust Point Tax Increment Fund and the North Locust Point Special Tax Fund (but not the Excess Tax Increment Revenue Account).

The Authorized Officer shall make each such determination in accordance with the Ordinances and the Acts, as applicable. The Special Taxes so collected shall not exceed the authorized amounts as provided in the proceedings pursuant to the applicable Special Taxing District Ordinance. The Authorized Officer



shall take all necessary actions to cause such amount of Special Taxes to be collected in each Fiscal Year in which Special Taxes are required to be collected under this Indenture.

(D) The City hereby covenants with and for the benefit of the Bondholders that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute the collection (unless such delinquency is theretofore brought current) of any property taxes or Special Taxes or installment thereof levied on any property in the Districts and not paid when due as follows:

(i) At least 30 days before a property is first advertised for sale, the Director of Finance shall send a notice of delinquent real property taxes and/or Special Taxes to property owners within any of the Districts with unpaid real property taxes and/or Special Taxes, as applicable, in accordance with applicable law.

(ii) The Director of Finance shall advertise the affected properties within any of the Districts for tax sale in accordance with applicable law.

(iii) No later than the second (2<sup>nd</sup>) Monday in June of each year (or such other date as is provided for or allowed by law), subject to the continuation of such sale as is allowed by law, all properties within any of the Districts with delinquent real property taxes and/or Special Taxes, as applicable, shall be offered at tax sale in accordance with applicable law and duly adopted City procedures.

(iv) By June 30 of each year, the Director of Finance shall deposit

(a) (1) to the Harborview Tax Increment Fund all amounts collected at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the Harborview Development District (including penalties and interest thereon); (2) to the Strathdale Tax Increment Fund all amounts collected at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the Strathdale Development District (including penalties and interest thereon); (3) to the Clipper Mill Tax Increment Fund all amounts collected at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the Clipper Mill Development District (including penalties and interest thereon); and (4) to the North Locust Point Tax Increment Fund all amounts collected at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the North Locust Point Development District (including penalties and interest thereon) and

(b) (1) to the Harborview Special Tax Fund all amounts collected at tax sale representing Special Taxes with respect to the properties in the Harborview Special Taxing District (including penalties and interest thereon); (2) to the Strathdale Special Tax Fund all amounts collected at tax sale representing Special Taxes with respect to the properties in the Strathdale Special Taxing District (including penalties and interest thereon); (3) to the Clipper Mill Special Tax Fund all amounts collected at tax sale representing Special Taxes with respect to the properties in the Clipper Mill Special Taxing District (including penalties and interest thereon); and (4) to the North Locust Point Special Tax Fund all amounts collected at tax sale representing Special Taxes with respect to the properties in the North Locust Point Special Taxing District (including penalties and interest thereon).

(v) In the event of a redemption of any property within the Districts after June 30 of any year, the Director of Finance shall deposit

(a) (1) if such property is located in the Harborview Development District, to the Harborview Tax Increment Fund that portion of the delinquent real property taxes representing the real property taxes levied on the Harborview Tax Increment (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption, (2) if such property is located in the Strathdale Development District, to the Strathdale Tax Increment Fund that portion of the delinquent real property taxes representing the real property taxes levied on the Strathdale Tax Increment (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption, (3) if such property is located in the Clipper Mill Development District, to the Clipper Mill Tax Increment Fund that portion of the delinquent real property taxes representing the real property taxes levied on the Clipper Mill Tax Increment (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption, and (4) if such property is located in the North Locust Point Development District, to the North Locust Point Tax Increment Fund that portion of the delinquent real property taxes representing the real property taxes levied on the North Locust Point Tax Increment (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption, and

(b) (1) if such property is located in the Harborview Special Taxing District, to the Harborview Special Tax Fund the delinquent Harborview Special Taxes (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption, (2) if such property is located in the Strathdale Special Taxing District, to the Strathdale Special Tax Fund the delinquent Strathdale Special Taxes (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption, (3) if such property is located in the Clipper Mill Special Taxing District, to the Clipper Mill Special Tax Fund the delinquent Clipper Mill Special Taxes (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption, and (4) if such property is located in the North Locust Point Special Taxing District, to the North Locust Point Special Tax Fund the delinquent North Locust Point Special Taxes (including penalties and interest thereon) collected by the Director of Finance in connection with such redemption,

in each case not later than the last day of the month immediately succeeding the month in which the redemption occurs.

(vi) In the event that a property sold to the City is not redeemed, the City shall continue to make the property available for sale, subject, however, to applicable City and State laws and policies relating to the disposition of such property.

(vii) Notwithstanding the foregoing provisions,

(a) in the event (1) the City collects any amounts at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the Harborview Development District or, in the event of redemption, amounts representing that portion of the delinquent real property taxes which in turn represent the real property taxes levied on the Tax Increment relating to properties in the Harborview Development District, (2) such amounts are not needed to pay Harborview Debt Service in the Fiscal Year in which such amounts are collected, and (3) the City has, pursuant to Section 4.07, previously transferred funds from the Excess Tax Increment Revenue Account representing Harborview Tax Increment Revenues to the Strathdale Debt Service Account, the Clipper Mill Debt Service Account, or the North Locust Point Debt Service Account (the “**Transferred Harborview Revenues**”), the City may retain such amounts equal to Transferred Harborview Revenues not previously reimbursed prior to

transferring such amounts to the Harborview Tax Increment Fund as required by Section 5.06(D)(iv)(a)(1) and Section 5.06(D)(v)(a)(1), as applicable;

(b) in the event (1) the City collects any amounts at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the Strathdale Development District or, in the event of redemption, amounts representing that portion of the delinquent real property taxes which in turn represent the real property taxes levied on the Tax Increment relating to properties in the Strathdale Development District, (2) such amounts are not needed to pay Strathdale Debt Service in the Fiscal Year in which such amounts are collected, and (3) the City has, pursuant to Section 4.07, previously transferred funds from the Excess Tax Increment Revenue Account representing Strathdale Tax Increment Revenues to the Harborview Debt Service Account, the Clipper Mill Debt Service Account, or the North Locust Point Debt Service Account (the “**Transferred Strathdale Revenues**”), the City may retain such amounts equal to Transferred Strathdale Revenues not previously reimbursed prior to transferring such amounts to the Strathdale Tax Increment Fund as required by Section 5.06(D)(iv)(a)(2) and Section 5.06(D)(v)(a)(2), as applicable;

(c) in the event (1) the City collects any amounts at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the Clipper Mill Development District or, in the event of redemption, amounts representing that portion of the delinquent real property taxes which in turn represent the real property taxes levied on the Tax Increment relating to properties in the Clipper Mill Development District, (2) such amounts are not needed to pay Clipper Mill Debt Service in the Fiscal Year in which such amounts are collected, and (3) the City has, pursuant to Section 4.07, previously transferred funds from the Excess Tax Increment Revenue Account representing Clipper Mill Tax Increment Revenues to the Harborview Debt Service Account, the Strathdale Debt Service Account, or the North Locust Point Debt Service Account (the “**Transferred Clipper Mill Revenues**”), the City may retain such amounts equal to Transferred Clipper Mill Revenues not previously reimbursed prior to transferring such amounts to the Clipper Mill Tax Increment Fund as required by Section 5.06(D)(iv)(a)(3) and Section 5.06(D)(v)(a)(3), as applicable; and

(d) in the event (1) the City collects any amounts at tax sale representing the real property taxes levied on the Tax Increment relating to the properties in the North Locust Point Development District or, in the event of redemption, amounts representing that portion of the delinquent real property taxes which in turn represent the real property taxes levied on the Tax Increment relating to properties in the North Locust Point Development District, (2) such amounts are not needed to pay North Locust Point Debt Service in the Fiscal Year in which such amounts are collected, and (3) the City has, pursuant to Section 4.07, previously transferred funds from the Excess Tax Increment Revenue Account representing North Locust Point Tax Increment Revenues to the Harborview Debt Service Account, the Strathdale Debt Service Account, or the Clipper Mill Debt Service Account (the “**Transferred North Locust Point Revenues**”), the City may retain such amounts equal to Transferred North Locust Point Revenues not previously reimbursed prior to transferring such amounts to the North Locust Point Tax Increment Fund as required by Section 5.06(D)(iv)(a)(4) and Section 5.06(D)(v)(a)(4), as applicable.

**Section 5.07. Protection of Security and Rights of Bondholders; Further Assurances.** The City will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons, and the City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for better assuring and confirming unto the Holders the rights and benefits provided in this Indenture.

**Section 5.08. Bonds Not to be Arbitrage Bonds; Rebate Fund.** The Mayor and the Director of Finance of the City shall be officials of the City responsible for issuing the Tax-Exempt Bonds (the “**Section 148 Certifying Officials**”). The Section 148 Certifying Officials shall execute and deliver (on the date of each issuance of Tax-Exempt Bonds) a certificate of the City (each such certificate, as it may be amended and supplemented from time to time in accordance with this Section, being referred to herein as a “**Section 148 Certificate**”) that complies with the requirements of Section 148 of the Code or any successor to such Section in effect on the date of issuance of such Bonds (“**Section 148**”). The City shall set forth in such Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Bonds, or of any moneys, securities or other obligations that may be deemed to be proceeds of such Bonds within the meaning of Section 148 (collectively, the “**Bond Proceeds**”).

The City covenants that (i) the facts, estimates and circumstances set forth in each Section 148 Certificate will be based on the City’s reasonable expectations on the date of delivery of such Certificate and will be, to the best of the Section 148 Certifying Officials’ knowledge, true, correct and complete as of that date, and (ii) the Section 148 Certifying Officials will make reasonable inquiries to ensure such truth, correctness and completeness.

The City further covenants that it will not make, or (to the extent it exercises control or direction) permit any other person to make, any use of the Bond Proceeds that would cause any Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148. The City further covenants that it will comply with those provisions of Section 148 that are applicable to any Tax-Exempt Bonds on the date of issuance of such Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Bonds. To the extent that provisions of Section 148 apply only to a portion of any Tax-Exempt Bonds, it is intended that the covenants of the City contained in this Section be construed so as to require the City to comply with Section 148 only to the extent of such applicability.

The City shall (i) hold and invest Bond Proceeds, if any, within its control (if such proceeds are invested), and (ii) direct the Trustee to transfer amounts on deposit in any fund or account created by this Indenture to the Rebate Fund for the payment of rebates or payments in lieu thereof to the United States of America, all in accordance with the expectations of the City set forth in the Section 148 Certificates.

The City shall make timely payment, but only from the Rebate Fund, the Pledged Revenues and other property pledged under this Indenture, of any rebate amount or payment in lieu thereof (or installment of either) required to be paid to the United States of America in order to preserve the excludability from gross income, for federal income tax purposes, of interest paid on the Tax-Exempt Bonds and shall include with any such payment such other documents, certificates or statements as shall be required to be included therewith under then-applicable law and regulations.

Upon the written direction of the Authorized Officer, the Trustee shall transfer amounts on deposit in any fund or account created by this Indenture to the Rebate Fund, any other provision of this Indenture to the contrary notwithstanding. Amounts on deposit in the Rebate Fund from time to time required to be paid to the United States of America pursuant to Section 148 as a rebate or payment in lieu thereof shall be made available by the Trustee to the City for such payments upon the written direction of the City. Upon the written direction of the City, the Trustee shall transfer amounts on deposit in the Rebate Fund to any fund or account created by this Indenture, *provided that* the amount to be transferred shall not exceed the excess of the amount on deposit in the Rebate Fund over the rebate liability as of the date of calculation, less amounts theretofore paid to the United States as rebate with respect to the Bonds.

The Section 148 Certifying Officials may execute an amendment or supplement to any Section 148 Certificate upon delivery to the Trustee of a written opinion of Bond Counsel, subject to customary

exceptions and qualifications, to the effect that such actions to be taken by the City in accordance with such amendment or supplement will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued.

Neither the City nor the Trustee shall incur any liability in connection with any action as contemplated herein so long as the City and the Trustee act in good faith.

**Section 5.09. Extension of Time for Payment.** Except as otherwise provided herein, in order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. Except as otherwise provided herein, in case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except as expressly set forth in Section 4.10.

## **ARTICLE VI THE TRUSTEE; THE ADMINISTRATOR**

**Section 6.01. Trustee as Trustee and Paying Agent.** The Trustee is hereby designated and agrees to act as Trustee and Paying Agent for and in respect to the Series 2015 Bonds and, except as otherwise provided in any Supplemental Indenture, any Additional Bonds.

**Section 6.02. Trustee Entitled to Indemnity.** The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the City shall reimburse the Trustee from the Pledged Revenues (but only to the extent such amounts are appropriated by the City for such purpose) or amounts on deposit in the Costs of Issuance Fund or the Administrative Expense Fund, for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the City shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

**Section 6.03. Responsibilities of the Trustee.** The Recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City (including but not limited to any funds held by the City hereunder) or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code.

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct.

**Section 6.04. Property Held in Trust.** All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

**Section 6.05. Trustee Protected in Relying on Certain Documents.** The Trustee may rely upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel or counsel to the City, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by an Officer's Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such Officer's Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by an Authorized Officer.

The Trustee is not liable with respect to any action it takes or omits to take in good faith in accordance with the direction of the Holders under any provision of this Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any person of notice of the provisions hereof except as expressly required in Section 6.13.

**Section 6.06. Compensation.** Unless otherwise provided by contract with the Trustee, the City shall pay to the Trustee from the Pledged Revenues (but only to the extent that such amounts have been appropriated by the City for such purpose) or amounts on deposit in the Costs of Issuance Fund or the Administrative Expense Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Trustee and Paying Agent, together with all its reasonable expenses, charges and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a

lien therefor on any and all funds from which the Trustee may be paid at any time held by it hereunder prior to any Bonds Outstanding. The City shall indemnify and save the Trustee harmless, but solely from the Pledged Revenues (but only to the extent that such amounts have been appropriated by the City for such purpose) or amounts on deposit in the Costs of Issuance Fund and the Administrative Expense Fund, against any expenses and liabilities that the Trustee may incur in the exercise and performance of its powers and duties hereunder that are not due to its negligence or willful misconduct. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

**Section 6.07. Permitted Acts.** The Trustee and its directors, officers, employees or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any holder of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of Holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Holders of a majority of the Bonds.

**Section 6.08. Resignation of Trustee.** The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' notice, specifying the date when such resignation shall take effect, to the City and each Holder of any outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 6.10 and the acceptance of such appointment by such successor.

**Section 6.09. Removal of Trustee.** The Trustee may be removed at any time by (i) the Holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as no default shall have occurred and be continuing under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Holders of not less than 10% of the Bonds.

**Section 6.10. Successor Trustee.** If the Trustee shall be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the Trustee shall resign, or if the position of Trustee shall become vacant for any reason, a successor Trustee shall be appointed by the City or, if a default shall have occurred and be continuing hereunder, by the Holders of at least 25% of the Bonds by an instrument or concurrent instruments in writing delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and, in the case of any appointment made by the Holders of the Bonds, the City.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 6.08 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder of Bonds may apply to

any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$100,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee and each of the Holders of the Bonds.

**Section 6.11. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under the provisions of Section 6.10 shall execute, acknowledge and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers and trusts of such Trustee and all the right, title and interest of such Trustee in and to the Trust Estate, and shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the City.

**Section 6.12. Merger, Conversion or Consolidation of Trustee.** Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, *provided that* such company shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 6.10.

**Section 6.13. Trustee to File Continuation Statements.** The Trustee shall file or cause to be filed, at the expense of the City, but solely from the Pledged Revenues (and only to the extent that such amounts have been appropriated by the City for such purpose) or amounts on deposit in the Costs of Issuance Fund or the Administrative Expense Fund, such amendments to or continuation financing statements as may be required by Article 9 of the Maryland Uniform Commercial Code, as from time to time in effect (the "UCC") and provided by the City, in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture the time, place and manner required by the UCC.

**Section 6.14. Construction of Indenture.** The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Holders of the Bonds.



**Section 6.15. The Administrator.** MuniCap, Inc. is hereby confirmed by the City as Administrator hereunder. The Administrator undertakes to perform such duties, and only such duties, as are specifically set forth in this Indenture and as further set forth in this Article VI and the Administration Agreements, and no implied covenants or obligations shall be read into this Indenture against the Administrator.

**Section 6.16. Duties of Administrator.**

(A) The Administrator by its acceptance hereof agrees to perform the following tasks in connection with the Series 2015 Bonds:

- (i) determine and calculate the annual Special Taxes to be levied and collected each year as provided for in the applicable Special Taxing District Ordinance and Rate and Method;
- (ii) prepare an annual report for submission to the City containing an explanation of the classification of property and the methodology employed to calculate the amount of Special Taxes levied;
- (iii) provide such advice and assistance as may be required by the City in connection with the levy and collection of Special Taxes;
- (iv) perform such additional duties as may be specified in this Indenture or each Administration Agreement; and
- (v) provide those services required of it pursuant to the Disclosure Agreement.

(B) In the event of a failure by the Administrator to comply with any provisions of this Section, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Administrator to comply with its obligations under this Section.

(C) The Administrator shall have only those duties relating to continuing disclosure as set forth in the Disclosure Agreement, and shall not be deemed to be acting in a fiduciary capacity for the City, the Trustee, the Bondholders or any other party for the purpose of complying with its obligation to provide continuing disclosure.

**Section 6.17. Qualifications, Resignation, Removal and Appointment of Successor Administrator.** Any successor Administrator appointed pursuant to the provisions of this Section shall be an individual or entity with the ability, as determined by the City, to perform the duties of the Administrator under this Indenture and the Disclosure Agreement and as more particularly set forth in the Administration Agreements. Such successor Administrator shall enter into an agreement with the City substantially in the form of the Administration Agreements.

The City may remove the Administrator initially appointed and any successor thereto upon sixty (60) days written notice to the Administrator, and shall appoint a successor or successors thereto. The City shall provide notice to the Trustee and the Holders of the removal of the Administrator and the appointment of any successor Administrator.

The Administrator may resign from its obligations hereunder and under the Administration Agreement upon sixty (60) days written notice to the City and the Trustee. Any resignation or removal of the Administrator shall become effective upon acceptance of appointment by the successor Administrator.

If no appointment of a successor Administrator shall be made pursuant to the provisions of this Section within sixty (60) days following receipt by the City or the Administrator of the written notice of the resignation or removal of the Administrator, the City shall assume the obligations of the Administrator hereunder.

**Section 6.18. Rights of Administrator.** The Administrator shall be afforded the same rights with respect to limitation of responsibilities, liability, notice, compensation and indemnification given to the Trustee pursuant to this Indenture.

## **ARTICLE VII MODIFICATION OR AMENDMENT OF INDENTURE**

**Section 7.01. Modification or Amendment without Consent.** Without notice to or the consent of the Bondholders, the City at any time and from time to time may enter into Supplemental Indentures supplementing, modifying or amending this Indenture or any Supplemental Indenture for one or more of the following purposes:

(i) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such Bondholders;

(ii) to add to the covenants and agreements of the City contained in this Indenture, other covenants and agreements thereafter to be observed relative to the operation, maintenance, development or administration of the Projects or relative to the application, custody, use or disposition of the proceeds of Bonds;

(iii) to surrender any right, power or privilege reserved to or conferred upon the City by this Indenture;

(iv) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by this Indenture), the Pledged Revenues or any other property pledged hereunder;

(v) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in this Indenture or to make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not contrary to or inconsistent with this Indenture;

(vi) to authorize the issuance of Additional Bonds, including (without limitation) any modifications or amendments required to grant to or otherwise secure for the Holders of such Additional Bonds a parity interest in the security granted to the Holders of the Series 2015 Bonds and any other then-Outstanding Bonds in accordance with Section 2.04;

(vii) to permit the qualification of this Indenture or any Supplemental Indenture under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(viii) to obtain or to maintain any ratings on any Bonds from any nationally recognized securities rating agency;

(ix) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or

(x) to make any other change in this Indenture which the Trustee determines shall not prejudice in any material respect the rights of the Holders of the Bonds Outstanding at the date as of which such change shall become effective.

**Section 7.02. Supplemental Indentures Requiring Consent of Bondholders.** In addition to Supplemental Indentures permitted by Section 7.01, with the prior written consent of the Holders of a majority of the Bonds Outstanding, the City at any time and from time to time may enter into Supplemental Indentures amending or supplementing this Indenture, any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the City from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, *provided that* nothing contained herein shall permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal or Redemption Price of or interest rate on any Bond without the consent of the Holder of such Bond or (ii) a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of this Indenture, without the unanimous consent of the Holders of all Outstanding Bonds.

**Section 7.03. Notation on Bonds.** Bonds authenticated and delivered after the effective date of any Supplemental Indenture may, and if the Trustee or the City so determines, shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee of such action. If the City or the Trustee shall so determine, new Bonds modified as necessary, in the opinion of the Trustee and the City, to conform to such Supplemental Indenture shall be prepared, authenticated and delivered and, upon demand of the Holder of any Outstanding Bond and surrender of such Bond to the Trustee, such Bond shall be exchanged, without cost to such Holder, for a new Bond.

**Section 7.04. Amendments to Ordinances.** Without notice to or the consent of the Bondholders, the City at any time and from time to time may pass supplemental ordinances supplementing, modifying or amending any of the Ordinances (i) in connection with any Supplemental Indenture entered into pursuant to Section 7.01 or (ii) to add additional real property to any of the Districts (or all of them). Except for supplemental ordinances permitted by the preceding sentence, the City shall not pass any supplemental ordinance supplementing, modifying or amending the Ordinances without the prior written consent of the Holders of a majority of the Series 2015 Bonds Outstanding.

## **ARTICLE VIII DEFEASANCE**

### **Section 8.01. Defeasance.**

(A) If the City shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds at the times and in the manner stipulated therein and in this Indenture, then the pledge of any Pledged Revenues and other property hereby pledged to the Bonds and all other rights granted hereby to the Bonds shall be discharged and satisfied. In such event, upon the request of the City, the Trustee shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the City, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to this Indenture (other than any moneys and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption).

(B) Any Series 2015 Bond and any Additional Bond, except as otherwise provided in the Supplemental Indenture authorizing the issuance thereof, shall be deemed to have been paid within the meaning of and with the effect expressed in this Section if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the City of moneys for such payment or redemption or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Bond, or (ii) if the maturity or redemption date of such Bond shall not have arrived (a) provision shall have been made by the City for the payment of the principal or Redemption Price of and interest on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of moneys or Government Obligations, the principal of and the interest on which when due, without reinvestment, will provide for such payment, and, if such Bond will be redeemed more than 90 days after the date the deposit is made, the City shall have made provision satisfactory to the Trustee for the mailing of a defeasance notice to the Holder(s) of such Bond that such moneys are so available for such payment and (b) if such Bond is to be redeemed prior to the maturity thereof, the City shall have taken all action necessary to redeem such Bond and notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been made for the giving of such notice. The Trustee may rely upon a verification report by an independent public accountant or a verification agent with a favorable reputation in the field of verifying defeasance escrows as to the sufficiency of the deposit (or other method) under this Section to provide for the payment described therein. Upon any defeasance of all or a portion of the Bonds, all optional and extraordinary redemption provisions shall cease to be applicable thereto (other than optional redemption provisions, if any, exercised in connection with the defeasance).

## **ARTICLE IX MISCELLANEOUS**

**Section 9.01. Liability of City.** The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder. No other property or assets of the City or any officer or director of the City shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies hereunder, for any payment required to be made under this Indenture and the Bonds, or for the performance of any of the covenants or warranties contained herein, and no covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member, director, official, officer, agent or employee of the City in such person's individual capacity.

No provision of this Indenture, the Bonds, or any agreement, document, instrument or certificate executed, delivered or approved in connection with the issuance, sale, delivery or administration of the Bonds (the "**Bond Documents**") shall require the City to expend or risk its own general funds, the obligations and liabilities of the City hereunder being payable solely from the Pledged Revenues (but only to the extent that such amounts have been appropriated by the City for such purpose) and other property pledged hereunder.

Neither the Holders nor any other person shall have any claim against the City or any officer, official, agent or employee of the City for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking representation or covenant of the City, such as the payment of debt service on the Bonds, that is properly payable pursuant to the Acts, and in accordance with the Bond Documents. Nothing contained in any of the Bond Documents shall be construed to

preclude any action or proceeding in any court or before any governmental body, agency or instrumentality against the City or any of its officers, officials, agents or employees to enforce the provisions of any of the Bond Documents.

In order to perform its duties and obligations hereunder, the City may employ such agents as it deems necessary or advisable.

**Section 9.02. Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person other than the City, the Trustee, the Administrator and the Holders any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Holders and the Trustee.

**Section 9.03. Execution of Documents and Proof of Ownership of Bonds.** Any request, declaration or other instrument which this Indenture may require or permit to be executed by Holders may be in one or more instruments of similar tenor, and shall be executed by Holders in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Holder or any Holder's attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such Holder or attorney purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to such officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such officer.

Except as otherwise herein expressly provided, the ownership of Bonds and the amount, maturity, number and date of holding the same shall be proved by the Bond Register.

Any request, declaration or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

**Section 9.04. Restrictions upon Action by Individual Holders.** No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law on any Bond for the execution of any trust hereunder or for any other remedy unless (a) such holder previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be instituted, and (b) the Holders of not less than a majority of the Bonds Outstanding shall have made written request to the Trustee and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action, suit or proceeding in its or their name, and (c) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Holders of not less than a majority of the Bonds Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders of Bonds Outstanding.

It is understood and intended that, except as otherwise provided above, no one or more Bondholders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of

this Indenture or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders and that any individual right of action or other right given by law to one or more of such Bondholders is restricted by this Indenture to the rights and remedies herein provided.

**Section 9.05. Moneys and Funds Held for Particular Bonds.** Amounts held by the Trustee for the payment of the principal or Redemption Price of and interest on Bonds due on any date shall be set aside and held in trust by it solely for the Holders of such Bonds pending such payment and shall not be available to pay the principal or Redemption Price of or interest on any other Bonds.

**Section 9.06. Waiver of Personal Liability.** No officer, official, agent or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such officer, official, agent or employee from the performance of any official duty provided by law.

**Section 9.07. Notices to and Demands on City, Trustee, and Administrator.** Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be telexed, cabled, delivered by hand or mailed by first class mail, postage prepaid, and addressed as follows:

**IF TO THE CITY:**

Mayor and City Council of Baltimore  
Department of Finance  
200 Holliday Street  
Baltimore, Maryland 21202  
Attention: Chief, Bureau of Treasury Management

**with a copy to:**

Office of the City Solicitor  
City Hall, Room 101  
100 North Holliday Street  
Baltimore, Maryland 21202  
Attention: City Solicitor

**IF TO THE TRUSTEE:**

Manufacturers and Traders Trust Company  
Mail Code MD2-CS58  
25 South Charles Street, 11th Floor  
Baltimore, Maryland 21201  
Attention: Corporate Trust Department

**IF TO THE ADMINISTRATOR:**

MuniCap, Inc.  
8965 Guilford Road, Suite 210  
Columbia, Maryland 21046  
Attention: Keenan S. Rice

Any such notice, demand or request may also be transmitted to the appropriate party by telephone or other electronic transmission and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change.

**Section 9.08. Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of

the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

**Section 9.09. Applicable Law.** This Indenture shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.

**Section 9.10. Conflict with Acts.** In the event of a conflict between any provision of this Indenture with any provision of the Acts as in effect on the date of delivery of the Bonds, the provision of the Acts shall prevail over the conflicting provision of this Indenture.

**Section 9.11. Payment or Performance on Business Days.** Except as otherwise expressly provided herein, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date.

**Section 9.12. Intention as to Seal and Contract.** It is intended that this Indenture, when signed on behalf of the City and the Trustee and duly delivered between them, shall constitute a contractual obligation under seal under the laws of the State with force and effect as an agreement and indenture of trust.

**Section 9.13. Counterparts.** This Indenture may be executed in counterparts, each of which shall be deemed an original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the City has caused this Indenture to be executed by its Mayor and its official seal to be impressed hereon and attested by its Custodian of the City Seal, and the Trustee has caused this Indenture of Trust to be executed by one of its duly authorized officers and its seal to be impressed hereon and attested by one of its duly authorized officers, all as of the date first set forth above.

MAYOR AND CITY COUNCIL OF BALTIMORE

(SEAL)

By: \_\_\_\_\_  
Henry J. Raymond  
Director of Finance

Attest:

\_\_\_\_\_  
Alternate Custodian of the City Seal

APPROVED AS TO FORM AND LEGAL  
SUFFICIENCY THIS \_\_\_\_\_ DAY OF  
\_\_\_\_\_, 2015

\_\_\_\_\_  
JoAnn E. Levin  
Chief Solicitor

*[City Signature Page to Indenture of Trust]*



MANUFACTURERS AND TRADERS TRUST  
COMPANY, as Trustee

(SEAL)

By: \_\_\_\_\_  
Authorized Officer

Attest:

\_\_\_\_\_  
Authorized Officer

*[Trustee Signature Page to Indenture of Trust]*

Acknowledged and Accepted:

MUNICAP, INC., as Administrator

By: \_\_\_\_\_  
Authorized Officer

*[Administrator Signature Page to Indenture of Trust]*

**EXHIBIT A  
TO INDENTURE OF TRUST**

**FORM OF SERIES 2015 BOND**

No. R-\_\_

\$ \_\_\_\_\_

MAYOR AND CITY COUNCIL OF BALTIMORE  
(City of Baltimore, Maryland)  
CONSOLIDATED SPECIAL OBLIGATION REFUNDING BOND  
(TAX INCREMENT FINANCING PROJECTS)  
SERIES 2015

<u>Dated Date</u>	<u>Interest Rate</u> (Per annum)	<u>Maturity Date</u>	<u>CUSIP</u>
June 11, 2015	_____ %	June 15, 20__	05923T ____

Registered Owner: \_\_\_\_\_

Principal Sum: \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_)

MAYOR AND CITY COUNCIL OF BALTIMORE, a body politic and corporate and a political subdivision of the State of Maryland (the "City"), for value received, hereby promises to pay, but only from the Pledged Revenues (defined herein) and other amounts pledged to such payment under the Indenture (defined herein), to the Registered Owner shown above or registered assigns or legal representative, upon the presentation and surrender hereof at the designated office of the Trustee (defined herein), the Principal Sum shown above (or such lesser amount as shall be outstanding hereunder from time to time in accordance with Section 5 hereof), on the Maturity Date shown above (or earlier as hereinafter referred to), with interest thereon from the most recent date to which interest has been paid or, if the Date of Authentication shown below is prior to the first Interest Payment Date (defined herein), from its Dated Date at the Interest Rate shown above until said Principal Sum is paid, payable on June 15 and December 15 of each year (each, an "Interest Payment Date"), beginning December 15, 2015.

Capitalized terms not otherwise defined herein shall have the meaning given to them in the Indenture.

All interest due on this bond shall be payable to the person in whose name this bond is registered on the bond registration books (the "Bond Register") maintained by Manufacturers and Traders Trust Company, Baltimore, Maryland, as Trustee (such entity and any successor in such capacity being referred to herein as the "Trustee"), as of the close of business on the first day of the calendar month in which the Interest Payment Date on which such interest is due and payable occurs (the "Record Date") and shall be made by (i) check mailed to the address of such owner as it appears on the Bond Register or (ii) wire transfer to any Holder who has provided the Trustee at least five (5) Business Days prior to the applicable Record Date written wire instructions; *provided, however*, that if there is a default in the payment of interest due hereon, such defaulted interest shall be payable to the person in whose name this bond is registered as of the close of business on a subsequent date fixed by the Trustee (the "Special Record Date") that is at least 10 and not more than 15 days before the date set for the payment of such defaulted interest. Notice of any Special Record Date will be given as hereinafter provided to the registered owner

hereof not later than 10 days before the Special Record Date. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal or redemption price of and interest on this bond are payable in lawful money of the United States of America or by check payable in such money. If any payment of the principal or redemption price of or interest on this bond shall be due on a day other than a Business Day (as defined in the Indenture), such payment shall be made on the next succeeding Business Day with like effect as if made on the originally scheduled date.

As provided in the Acts (defined herein), the Ordinances (defined herein) and the Series 2015 Resolution (defined herein), this bond is a special obligation of the City, payable solely from the Pledged Revenues and certain other assets and revenues pledged by the City under the Ordinances and the Indenture (defined herein), including certain other funds held by the Trustee under the Indenture, *provided that* the Pledged Revenues are not irrevocably pledged to the payment of the principal of and interest on this bond, and the obligation to pay the principal of and interest on this bond from the Pledged Revenues is subject to annual appropriation by the City. This bond does not constitute a general obligation debt of the City or pledge of the City's full faith and credit or taxing power. This bond does not constitute an indebtedness of the City within the meaning of Section 7 of Article XI of the Maryland State Constitution or any other constitutional, charter or statutory provision. Except for the Pledged Revenues, no other taxes or assessments are pledged to the payment of this bond.

1. Indenture. This bond is one of a duly authorized series of bonds of the City designated "Mayor and City Council of Baltimore Consolidated Special Obligation Refunding Bonds (Tax Increment Financing Projects), Series 2015" in the aggregate principal amount of Twenty Million One Hundred Ninety-Five Thousand Dollars (\$20,195,000) (the "Series 2015 Bonds"). The Series 2015 Bonds are duly issued by the City under and pursuant to (i) Article II, Section (62) of the Baltimore City Charter (1996 Edition), as amended (the "Tax Increment Act"), (ii) Article II, Section (62A) of the Baltimore City Charter (1996 Edition), as amended (the "Special Taxing District Act" and, together with the Tax Increment Act, the "Acts"), (iii) certain proceedings of the City, including the Harborview Tax Increment Ordinance, the Harborview Special Taxing District Ordinance, the Strathdale Tax Increment Ordinance, the Strathdale Special Taxing District Ordinance, the Clipper Mill Tax Increment Ordinance, the Clipper Mill Special Taxing District Ordinance, the North Locust Point Tax Increment Ordinance, and the North Locust Point Special Taxing District Ordinance (collectively, the "Ordinances"), (iv) a Resolution adopted by the Board of Finance of the City on March 23, 2015 (the "Series 2015 Resolution"), and (v) the Indenture of Trust dated as of June 1, 2015 (the "Indenture"), by and between the City and the Trustee.

The terms of the Series 2015 Bonds include those stated in the Indenture, and the Series 2015 Bonds are subject to all such terms. Reference is made hereby to the Indenture for a description of the funds, revenues and property pledged thereunder, the nature and extent of the security created or to be created, and the rights, limitations of rights, obligations, duties and immunities of the City, the Trustee and the holders of the Series 2015 Bonds. By the acceptance of this bond, the holder hereof assents to all of the provisions of the Indenture. Certified copies of the Indenture are on file at the designated office of the Trustee and at the office of the Director of Finance of the City in Baltimore, Maryland.

2. Pledged Revenues. In the Indenture, the City has covenanted to pay the principal of, interest and premium on, the Series 2015 Bonds solely from the Pledged Revenues and other amounts pledged therefor under the Indenture; *provided that* the Pledged Revenues are not irrevocably pledged, but the obligation of the City to pay over the Pledged Revenues to the Trustee pursuant to the Indenture is subject to annual appropriation of the Pledged Revenues by the City for such purposes.

3. The Series 2015 Bonds. All of the Series 2015 Bonds are of like tenor except as to numbers, maturities, interest rates and principal amounts.

4. Additional Bonds. The Indenture provides that Additional Bonds (as defined in the Indenture) may be issued within the limitations and provisions of the Indenture and shall be on a parity with the Series 2015 Bonds (the Series 2015 Bonds and any Additional Bonds being referred to herein, collectively, as “Bonds”). All Bonds issued within the limitations and provisions of the Indenture shall be secured equally and ratably by the Pledged Revenues and other property pledged under the Indenture, to the extent provided in the Indenture.

5. Redemption. (a) The Series 2015 Bonds at the time outstanding may be redeemed prior to their respective maturities at the times and in the amounts provided by the Indenture.

(b) The Trustee shall give notice of any redemption of the Series 2015 Bonds to the registered owners of the Series 2015 Bonds to be redeemed in accordance with the provisions of the Indenture. The failure so to give any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of any Series 2015 Bonds.

(c) On the date designated for redemption, notice having been given as provided in the Indenture and any conditions to such redemption having been satisfied, the Series 2015 Bonds or portions of Series 2015 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2015 Bonds or such portions thereof on such date and, if moneys for the payment of the redemption price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Series 2015 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2015 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the registered owners thereof shall have no rights in respect of such Series 2015 Bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest thereon so held by the Trustee. If a portion of this bond shall be called for redemption, a new Series 2015 Bond or Series 2015 Bonds in aggregate principal amount equal to the unredeemed portion hereof, of the same maturity and bearing interest at the same rate, shall be issued to the registered owner upon the surrender hereof.

(d) So long as all of the Series 2015 Bonds shall be maintained in book-entry form with a Securities Depository (as defined in the Indenture) in accordance with the Indenture, in the event that part, but not all, of this bond shall be called for redemption, the holder of this bond may elect not to surrender this bond in exchange for a new Series 2015 Bond in accordance with paragraph (c) above and in such event shall make a notation indicating the principal amount of such redemption and the date thereof on the Payment Grid attached hereto. For all purposes, the principal amount of this bond outstanding at any time shall be equal to the Principal Sum shown on the face hereof reduced by the principal amount of any partial redemption of this bond following which the holder of this bond has elected not to surrender this bond in accordance with paragraph (c) above. The failure of the holder hereof to note the principal amount of any partial redemption on the Payment Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation of the City hereunder. THEREFORE, IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER A PART OF THE PRINCIPAL OF THIS BOND HAS BEEN PAID.

6. Defeasance. The Indenture prescribes the manner in which it may be discharged and provides that Series 2015 Bonds shall be deemed to be paid if moneys or certain Government Obligations, the principal of and interest on which, when due, without reinvestment, will be sufficient to pay the principal or Redemption Price of and interest on the applicable Series 2015 Bonds to the dates of maturity or redemption thereof, shall have been deposited with the Trustee.

7. Persons Deemed Owners; Restrictions upon Actions by Individual Holders. The City and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof (whether or not this bond shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the City or the Trustee) for the purpose of receiving payment of or on account of the principal or redemption price of this bond, and for all other purposes except as otherwise provided herein with respect to the payment of interest on this bond, and neither the City nor the Trustee shall be affected by any notice to the contrary. All such payments so made to any such registered owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable under this bond.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

8. Transfer and Exchange. This bond may be exchanged for an equal aggregate principal amount of Series 2015 Bonds, of other authorized denominations, and the transfer of this bond may be registered, upon presentation and surrender of this bond at the designated office of the Trustee, together with an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative. The City and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith. Neither the City nor the Trustee shall be required to register the transfer of this bond or make any such exchange of this bond during the 15 days preceding an Interest Payment Date, during the 15 days preceding the date of mailing of any notice of redemption, or after this bond or any portion hereof has been selected for redemption.

9. Modifications. Modifications or alterations of the Indenture may be made only to the extent and in the circumstances permitted by the Indenture.

10. Negotiability. As declared by the Acts, this bond shall be and be deemed to be for all purposes a negotiable instrument subject only to the provisions for registration and registration of transfer stated herein.

11. Governing Law. This bond shall be governed by and construed in accordance with the laws of the State of Maryland.

12. Notices. Except as otherwise provided in the Indenture and this bond, when the Trustee is required to give notice to the owner of this bond, such notice shall be mailed by first-class mail to the registered owner of this bond at such owner's address as it appears on the registration books maintained by the Trustee. Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by the addressee.

All acts, conditions and things required by the Constitution and laws of the State of Maryland and the Charter, laws, rules and regulations of the City to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Indenture have happened, exist and have been performed as so required.

No recourse shall be had for the payment of the principal or redemption price of and interest on this bond or for any claims based thereon or on the Indenture against any member or other officer of the City or any person executing this bond, all such liability, if any, being expressly waived and released by the registered owner of this bond by the acceptance of this bond.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

*{REMAINDER OF PAGE LEFT BLANK INTENTIONALLY}*

IN WITNESS WHEREOF, Mayor and City Council of Baltimore has caused this bond to be executed in its name by the manual or facsimile signatures of its Mayor and Director of Finance and its seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced, and attested by the manual or facsimile signature of the Custodian or Alternate Custodian of the City Seal, all as of the Dated Date set forth above.

MAYOR AND CITY COUNCIL OF BALTIMORE

[SEAL]

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Director of Finance

Attest:

\_\_\_\_\_  
Custodian or Alternate  
Custodian of the City Seal

**Certificate of Authentication**

This bond is one of the bonds of the series designated herein and issued under the provisions of the within-mentioned Indenture.

MANUFACTURERS AND TRADERS  
TRUST COMPANY, as Trustee

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication: \_\_\_\_\_



ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

---

(Please Print or Type Name and Address of Assignee)

the within bond and all rights thereunder and hereby irrevocably does constitute and appoint \_\_\_\_\_ attorney to transfer the bond on books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
(Name of Registered Owner)

Notice: The signature above must correspond with the name of the registered owner as it appears on the front of this Bond in every particular without alteration or enlargement or any change whatsoever.

\_\_\_\_\_  
(Please Insert Social Security or other  
Identifying Number of Assignee)

SCHEDULE A

### PAYMENT GRID

[illegible]

**EXHIBIT B  
TO INDENTURE OF TRUST**

**\$20,195,000  
MAYOR AND CITY COUNCIL OF BALTIMORE  
(City of Baltimore, Maryland)  
CONSOLIDATED SPECIAL OBLIGATION REFUNDING BONDS  
(TAX INCREMENT FINANCING PROJECTS)  
SERIES 2015**

**FORM OF  
REQUISITION OF PAYMENT  
FROM COSTS OF ISSUANCE FUND**

TO: MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE (THE "TRUSTEE") UNDER THE INDENTURE OF TRUST, DATED AS OF JUNE 1, 2015 (THE "INDENTURE"), BETWEEN MAYOR AND CITY COUNCIL OF BALTIMORE (THE "CITY") AND THE TRUSTEE.

This requisition of payment is delivered to the Trustee in accordance with Section 4.03 of the Indenture. Payment shall be made from the Costs of Issuance Fund established in accordance with Section 4.03 of the Indenture. All terms used herein which are not otherwise defined herein shall have the meaning given such terms in the Indenture.

The undersigned hereby requests that the amount of \$\_\_\_\_\_ be paid to the payees whose names are stated on Schedule I attached hereto for the payment or reimbursement of Costs of Issuance.

The undersigned hereby states and certifies that the amounts requested are or were necessary and appropriate Costs of Issuance, have been properly incurred and are proper charges against the Costs of Issuance Fund, and have been paid, or are justly due to the persons whose names are stated in Schedule I attached hereto, and have not been the basis of any previous requisition from the Costs of Issuance Fund.

MAYOR AND CITY COUNCIL OF BALTIMORE

By: \_\_\_\_\_  
Chief, Bureau of Treasury Management

Date: \_\_\_\_\_, 201\_\_

SCHEDULE I

COSTS OF ISSUANCE

<u>Name</u>	<u>Amount</u>
TOTAL	\$ _____

**EXHIBIT C  
TO INDENTURE OF TRUST**

**DEBT SERVICE SCHEDULES**

Date	Clipper Mill	Strathdale	Harborview	N. Locust Point	Total	Fisca Year Total
12/15/2015	\$ 170,148.89	\$ 128,672.22	\$ 141,680	\$ 56,273.33	\$ 496,774.44	
6/15/2016	316,450.00	310,875.00	418,600	165,050.00	1,210,975.00	\$ 1,707,749.44
12/15/2016	164,950.00	124,025.00	135,800	53,950.00	478,725.00	
6/15/2017	334,950.00	324,025.00	425,800	168,950.00	1,253,725.00	1,732,450.00
12/15/2017	161,550.00	120,025.00	130,000	51,650.00	463,225.00	
6/15/2018	351,550.00	340,025.00	430,000	171,650.00	1,293,225.00	1,756,450.00
12/15/2018	157,750.00	115,625.00	124,000	49,250.00	446,625.00	
6/15/2019	367,750.00	350,625.00	434,000	174,250.00	1,326,625.00	1,773,250.00
12/15/2019	152,500.00	109,750.00	116,250	46,125.00	424,625.00	
6/15/2020	382,500.00	369,750.00	441,250	176,125.00	1,369,625.00	1,794,250.00
12/15/2020	146,750.00	103,250.00	108,125	42,875.00	401,000.00	
6/15/2021	401,750.00	388,250.00	453,125	177,875.00	1,421,000.00	1,822,000.00
12/15/2021	140,375.00	96,125.00	99,500	39,500.00	375,500.00	
6/15/2022	420,375.00	401,125.00	459,500	184,500.00	1,465,500.00	1,841,000.00
12/15/2022	133,375.00	88,500.00	90,500	35,875.00	348,250.00	
6/15/2023	443,375.00	423,500.00	470,500	185,875.00	1,523,250.00	1,871,500.00
12/15/2023	125,625.00	80,125.00	81,000	32,125.00	318,875.00	
6/15/2024	465,625.00	440,125.00	481,000	192,125.00	1,578,875.00	1,897,750.00
12/15/2024	117,125.00	71,125.00	71,000	28,125.00	287,375.00	
6/15/2025	487,125.00	461,125.00	491,000	193,125.00	1,632,375.00	1,919,750.00
12/15/2025	107,875.00	61,375.00	60,500	24,000.00	253,750.00	
6/15/2026	507,875.00	481,375.00	500,500	199,000.00	1,688,750.00	1,942,500.00
12/15/2026	97,875.00	50,875.00	49,500	19,625.00	217,875.00	
6/15/2027	537,875.00	505,875.00	509,500	204,625.00	1,757,875.00	1,975,750.00
12/15/2027	86,875.00	39,500.00	38,000	15,000.00	179,375.00	
6/15/2028	561,875.00	529,500.00	523,000	205,000.00	1,819,375.00	1,998,750.00
12/15/2028	75,000.00	27,250.00	25,875	10,250.00	138,375.00	
6/15/2029	585,000.00	552,250.00	530,875	210,250.00	1,878,375.00	2,016,750.00
12/15/2029	62,250.00	14,125.00	13,250	5,250.00	94,875.00	
6/15/2030	617,250.00	579,125.00	543,250	215,250.00	1,954,875.00	2,049,750.00
12/15/2030	48,375.00	-	-	-	48,375.00	
6/15/2031	648,375.00	-	-	-	648,375.00	696,750.00
12/15/2031	33,375.00	-	-	-	33,375.00	
6/15/2032	678,375.00	-	-	-	678,375.00	711,750.00
12/15/2032	17,250.00	-	-	-	17,250.00	
6/15/2033	707,250.00	-	-	-	707,250.00	724,500.00
	\$10,814,348.89	\$7,687,897.22	\$8,396,880	\$3,333,523.33	\$30,232,649.44	\$30,232,649.44

**PROPOSED FORM OF BOND COUNSEL OPINION**

June 11, 2015

Mayor and City Council of Baltimore  
Baltimore, Maryland

**\$20,195,000**  
**MAYOR AND CITY COUNCIL OF BALTIMORE**  
**(City of Baltimore, Maryland)**  
**CONSOLIDATED SPECIAL OBLIGATION REFUNDING BONDS**  
**(TAX INCREMENT FINANCING PROJECTS)**  
**SERIES 2015**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Mayor and City Council of Baltimore (the “City”) of its \$20,195,000 Consolidated Special Obligation Refunding Bonds (Tax Increment Financing Projects) Series 2015 (the “Bonds”) that are being issued pursuant to an Indenture of Trust dated as of June 1, 2015 (the “Indenture”) by and between the City and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

In addition to the Indenture, the Bonds are being issued under and pursuant to (i) Article II, Sections (62) and (62A) of the Baltimore City Charter (1996 Edition, as amended) (collectively, the “Enabling Acts”); (ii) Ordinance 02-338, which was passed by the City Council on May 6, 2002, approved by the Mayor of the City on May 16, 2002, and effective on May 16, 2002 (the “Harborview Bond Ordinance”), Ordinance 03-543, which was passed by the City Council on May 19, 2003, approved by the Mayor of the City on May 21, 2003, and effective on May 21, 2003 (the “Strathdale Bond Ordinance”), Ordinance 03-632, which was passed by the City Council on November 24, 2003, approved by the Mayor of the City on December 2, 2003, and effective on December 2, 2003 (the “Clipper Mill Bond Ordinance”), and Ordinance 04-851, which was passed by the City Council on November 22, 2004, approved by the Mayor of the City on November 29, 2004, and effective on November 29, 2004 (the “North Locust Point Bond Ordinance,” and together with the Harborview Bond Ordinance, the Strathdale Bond Ordinance, and the Clipper Mill Bond Ordinance, the “Bond Ordinances”); (iii) the Harborview Tax Increment Ordinance, the Strathdale Tax Increment Ordinance, the Clipper Mill Tax Increment Ordinance, and the North Locust Point Tax Increment Ordinance (collectively, the “Tax Increment Ordinances”); (iv) the Harborview Special Taxing District Ordinance, the Strathdale Special Taxing District Ordinance, the Clipper Mill Special Taxing District Ordinance, and the North Locust Point Special Taxing District Ordinance (collectively, the “Special Taxing District Ordinances,” and together with the Bond Ordinances and the Tax Increment Ordinances, the “Ordinances”); and (v) a resolution adopted by the Board of Finance of the City on March 23, 2015 (the “2015 Resolution”). The Bonds mature, bear interest and contain such other terms and conditions as set forth in the Bonds.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and certain Non-Arbitrage Certificate and Tax Covenants dated the date hereof and delivered by the City in connection with the issuance and sale of the Bonds (the “Tax Certificate”) and the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities, and we have not independently verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents.

We are qualified to practice law in the State of Maryland, and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the law of the State of Maryland and the federal law of the United States of America.

We have not examined, and express no opinion as to, the existence of or title to real or personal property and, except as expressly stated herein, we express no opinion as to the creation, validity or priority of any lien upon, assignment of, pledge of or security interest in real or personal property.

Based on our examination and subject to the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The City is a validly created and existing body politic and corporate and a political subdivision of the State of Maryland, possessing the authority under the Enabling Acts, the Ordinances and the 2015 Resolution to issue the Bonds.

2. The City has full power and authority under the Enabling Acts to adopt the Ordinances and to perform its obligations thereunder. The Ordinances have been duly adopted, have not been modified, amended or rescinded and are in full force and effect.

3. The 2015 Resolution has been duly adopted, has not been modified, amended or rescinded and is in full force and effect.

4. The Indenture has been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes the valid and binding obligation of the City, enforceable against the City in accordance with its terms.

5. The Bonds have been duly authorized and legally issued in accordance with the Enabling Acts, the Ordinances and the 2015 Resolution. The Bonds have been duly executed and delivered by the City and, assuming their due and proper authentication by the Trustee, are valid and binding special obligations of the City, payable solely from the Pledged Revenues and certain other moneys pledged by the City under the Indenture, to the extent provided in the Indenture, including amounts deposited in certain funds and accounts held by the City and the Trustee under the Indenture; provided that the Pledged Revenues are not irrevocably pledged to the payment of the principal of and interest on the Bonds, and the obligation to pay the principal of and interest on the Bonds from the Pledged Revenues is subject to annual appropriation by the City. Pursuant to the Indenture, the City is issuing on this date the Bonds.

6. As provided in the Enabling Acts, the Bonds do not constitute a general obligation debt of the City or a pledge of the City's full faith and credit or taxing power. The Bonds are not an indebtedness of the City within the meaning of the Baltimore City Charter (1996 Edition, as amended). Except for the Pledged Revenues, as and when appropriated, no other taxes or assessments are pledged to the payment of the Bonds.

7. Under existing law, the interest on the Bonds (i) is excludable from gross income of the owners thereof for purposes of federal income taxation and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for

purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes under Section 56 of the Internal Revenue Code of 1986, as amended (the "Code")), interest on the Bonds must be included in computing adjusted current earnings.

8. Under existing law of the State of Maryland, the principal amount of the Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized on their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind but shall be included in computing the net earnings of financial institutions as required by the law of the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Bonds or the interest thereon.

The opinions set forth in the paragraph numbered 7 above assume, and are subject to, continuing compliance by the City with the covenants regarding federal tax law set forth in the Indenture, the Tax Certificate, and the Code. Failure to comply with such covenants could cause interest on the Bonds to be included in the gross income of the holders of the Bonds retroactive to the date of issue of the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S Corporations and foreign corporations operating branches in the United States), property and casualty insurance companies, banks, thrifts or other financial institutions, recipients of Social Security or Railroad Retirement Benefits or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations such as the Bonds, should consult their tax advisors concerning their tax consequences of purchasing and holding the Bonds.

It is to be understood that the rights of any holder of the Bonds and the enforceability of the Indenture and the Bonds may be subject to (a) bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable, (b) the valid exercise of the constitutional powers of the United States of America and of the sovereign police and taxing powers of state or other governmental units having jurisdiction, and (c) the exercise of judicial discretion in accordance with general principles of equity (whether applied in a court of law or a court of equity).

Very truly yours,

McGuireWoods LLP



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FORM OF CITY'S CONTINUING DISCLOSURE AGREEMENT

June 11, 2015

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") among MANUFACTURERS AND TRADERS TRUST COMPANY, as trustee (the "Trustee") on behalf of the owners of the Bonds (defined herein), MUNICAP, INC. (including any successor appointed by the City, the "Administrator") and the MAYOR AND CITY COUNCIL OF BALTIMORE (the "City") is being entered into in connection with the issuance of \$20,195,000 in aggregate principal amount of the City's Consolidated Special Obligation Refunding Bonds (Tax Increment Financing Projects) Series 2015 (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2015 (the "Indenture"), by and between the Trustee and the City.

The Trustee, the Administrator and the City hereby covenant and agree as follows:

**Section 1. Definitions.** Terms not otherwise defined herein shall have the meanings set forth in the Indenture or in the Official Statement with respect to the Bonds dated May 28, 2015.

"Annual Report" shall mean the annual report prepared and delivered to the MSRB containing the information required by this Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, and its successors.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

"Underwriter" shall mean the underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

**Section 2. Purpose.** This Agreement is being executed and delivered for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule.

**Section 3. Provision of Information.**

(a) The Administrator shall not later than March 1<sup>st</sup> of each calendar year, commencing March 1, 2016, provide an Annual Report to the MSRB. Each Annual Report shall contain or incorporate by reference the following information with respect to the immediately preceding calendar year:

(i) The balances of the funds and accounts created under the Indenture and the Ordinances as of such calendar year end;

(ii) A schedule or schedules setting forth the assessed value of the real property in the Development Districts, the Tax Increment Revenues, any Special Tax levies, and debt service coverage for the current Fiscal Year (based on the actual full cash values of properties in the Districts as of January 1 of the prior

Fiscal Year and the actual City *ad valorem* real property and the rate of Special Taxes, if any, for the current Fiscal Year);

(iii) Any changes to any of the Rate and Methods (with respect to the Special Taxing Districts) by the City since the report of the previous year;

(iv) Status of collection of *ad valorem* real property taxes and Special Taxes, if any, within the Districts, including the percentage of delinquent taxes;

(v) Based on the City's tax records, a listing of any taxpayer within any Development District or Special Taxing District that is responsible for payment of more than 10 percent of the levy of *ad valorem* real property taxes within such Development District or Special Taxes with such Special Taxing District, respectively, in such Fiscal Year, the amount of such *ad valorem* real property taxes or Special Taxes, as applicable, and the percentage of such *ad valorem* real property taxes or Special Taxes, as applicable, relative to the entire levy of *ad valorem* real property taxes and Special Taxes within the applicable Development District or Special Taxing District;

(vi) Any casualty, condemnation, or destruction of real property within the Districts that would real property that in the aggregate is responsible for payment of more than 10 percent of the levy of *ad valorem* real property taxes or Special Taxes, respectively, in a Fiscal Year, the percentage of such *ad valorem* real property taxes or Special Taxes, as applicable, relative to the entire levy of *ad valorem* real property taxes and Special Taxes within the Districts or Special Taxing Districts on an aggregate basis; and

(vii) Any issuance of Additional Bonds.

(b) Any or all of the information to be provided pursuant to subsection (a) above may be set forth in a document or set of documents, or may be included by specific reference to documents available to the public through EMMA or filed with the Securities and Exchange Commission.

(c) If the City is unable to provide to the MSRB through EMMA any information required by subsection (a) above by the date specified, the City shall provide, in a timely manner, a notice of such failure to the MSRB through EMMA.

(d) The Administrator shall file a report with the City and the Trustee certifying that the Annual Report has been provided to the MSRB pursuant to this Agreement and stating the date on which the Annual Report was provided to the MSRB.

(e) In addition to the Annual Report, the Administrator shall promptly provide to the MSRB any continuing disclosure information provided to the Administrator by the City pursuant to Section 4(c) below.

(f) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the the current Internet Web address of which is [www.emma.msrb.org](http://www.emma.msrb.org). All notices, documents and information provided to the MSRB shall be in an electronic format as prescribed by the MSRB.

#### **Section 4. Reporting of Significant Events.**

(a) The Administrator shall promptly file with the MSRB a notice of the occurrence of any of the following Listed Events of which the Administrator has received notice from the City or the Trustee or of which the Administrator has actual knowledge, which notice shall be filed not later than ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes; and
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person;

**Note:** for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Administrator shall promptly file with the MSRB a notice of the occurrence of any of the following Listed Events of which the Administrator has received notice from the City or the Trustee or of which the Administrator has actual knowledge, if material, which notice shall be filed not later than ten (10) business days after the occurrence of the event:

- (i) unless described in paragraph 4(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
- (ii) modifications to rights of Bondholders;
- (iii) non-payment related defaults;
- (iv) optional, unscheduled or contingent Bond calls;
- (v) release, substitution, or sale of property securing repayment of the Bonds;
- (vi) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
- (vii) appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City obtains knowledge of the occurrence of any of the Listed Events, the City shall promptly notify the Administrator. If the Listed Event is an event described in Section 4(b), the City shall either determine if such Listed Event would be material under applicable federal securities laws or, when it notifies the

Administrator of the occurrence of such Listed Event, request that Administrator make a determination as to whether such event would be material under applicable federal securities laws.

(d) Notwithstanding the foregoing, notice of the Listed Event described in Section 4(a)(vii) or Section 4(b)(iv) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

(e) The Trustee shall, within five (5) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events in Section 4(a) promptly notify the Administrator. The Trustee shall, within five (5) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events in Section 4(b), without any determination as to materiality, promptly notify the City and the Administrator of such Listed Event, and request that the Administrator make a determination as to whether such event would be material under applicable federal securities laws. For purposes of this Agreement, "actual knowledge" of the occurrence of a Listed Event shall mean knowledge by an officer at the designated corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture.

**Section 5. Limitation on Remedies.** The City and the Administrator shall be given written notice at the addresses set forth in Section 11 below of any claimed failure by the City or the Administrator (as the case may be) to perform its obligations under this Agreement, and the City or the Administrator (as the case may be) shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the City or the Administrator (as the case may be) shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action.

**Section 6. Limitation of Forum; Governing Law.** This Agreement, and any claim made with respect to the performance by the City of its obligations hereunder, shall be governed by, subject to, and construed in accordance with the laws of the State. Any suit or other proceeding filed to enforce, interpret, or construe this Agreement or seeking redress with regard to any claimed failure by the City to perform its obligations under this Agreement shall be filed in a state or federal court, as applicable, located in the City of Baltimore.

**Section 7. Limited Liability of City.** Any and all obligations of the City arising out of, or related to, this Agreement are special obligations of the City and may not constitute a general obligation debt of the City or a pledge of the City's full faith and credit, and the City's obligations to make any payments hereunder, including any and all payments to the Administrator, are restricted entirely to the Pledged Revenues, if, as, and when appropriated, or from the proceeds of the Bonds and from no other source. No person, including any Bondholder, shall have any claim against the City or any of its officers, officials, agents or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under this Agreement, the Bonds or any other agreement, document, instrument or certificate executed, delivered or approved in connection with the issuance, sale and delivery of the Bonds (collectively, the "Bond Documents") or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim is properly payable from the Special Tax Revenues pursuant to the Bond Documents, provided however, that, subject to Sections 5 and 6 above, nothing contained herein shall be construed to preclude any action or proceeding in any court or before any governmental body, agency or instrumentality against the City or any of its officers, officials, agents or employees to enforce the provisions of this Agreement or any of the Bond Documents, and, provided, further, that the limitation on liability of the City set forth in this Section shall in no way supercede the limitations on remedies in Section 5 above.

**Section 8. Nature and Obligation of the City.**

(a) The City agrees (i) to use its commercially reasonable efforts to hire and retain a competent individual or entity to perform the duties and obligations of the Administrator relating to the continuing disclosure as set forth herein and (ii) to require the Administrator, or such other competent individual or entity, to perform its obligations hereunder to perform its obligations hereunder.

(b) If, despite its commercially reasonable efforts, the City is unable to hire or retain a competent individual or entity to perform the duties and obligations of the Administrator as described in paragraph (a) above,

the City agrees to provide or cause to be provided the information described in Section 3 and Section 4 to the MSRB as required by such Sections.

(c) If the City is performing the duties and obligations of the Administrator as described in paragraph (b) above, the City shall be entitled to be reimbursed for any and all reasonable costs and expenditures associated with its performance of such duties and obligations.

(d) It is hereby acknowledged by the parties to this Agreement that any and all (i) fees or costs necessary to hire and retain the services of the Administrator, or (ii) costs and expenditures of the City associated with its performance of the duties and obligations of the Administrator constitute City Expenses and are payable from the Pledged Revenues, as and when appropriated, as provided in the Indenture.

(e) The City shall have the right to appoint an alternate or substitute Administrator pursuant to the provisions of the Indenture.

**Section 9. Nature and Obligation of Administrator.** The Administrator shall act on behalf of the City and shall have only those duties relating to continuing disclosure as set forth in Sections 3 and 4 above. The Administrator shall not be deemed to be acting in a fiduciary capacity for the Trustee, the Bondholders, or any party other than the City for the purpose of complying with its obligation to provide continuing disclosure.

**Section 10. Termination of Obligations.** The City's obligations under this Agreement with respect to the respective Districts shall terminate upon the legal defeasance, prior redemption or payment in full of all of the portion the Bonds secured by such Districts. In addition, the City may terminate its obligations under this Agreement in any other circumstance permitted by the Rule or Securities and Exchange Commission interpretations of the Rule. If any such termination occurs prior to the scheduled final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 4.

**Section 11. Notice.** Any notices or communications to or among any of the parties to this Agreement may be given as follows:

*If to the Administrator:* MuniCap, Inc.  
8965 Guilford Road, Suite 210  
Columbia, Maryland 21046  
Attention: Keenan S. Rice

*If to the City:* Mayor and City Council of Baltimore  
Department of Finance  
200 Holliday Street  
Baltimore, Maryland 21202  
Attention: Chief, Bureau of Treasury Management

*If to the Trustee:* Manufacturers and Traders Trust Company  
Mail Code MD2-CS58  
25 South Charles Street, 11th Floor  
Baltimore, Maryland 21201  
Attention: Corporate Trust Department

**Section 12. Performance of Obligations.** Notwithstanding anything to the contrary contained in this Agreement, the obligations as set forth in this Agreement shall be undertaken and performed in accordance with the Rule, Securities and Exchange Commission interpretations of the Rule as published or provided from time to time, and applicable federal securities laws.

**Section 13. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

MAYOR AND CITY COUNCIL OF BALTIMORE

By: \_\_\_\_\_

MUNICAP, INC., as Administrator

By: \_\_\_\_\_

MANUFACTURERS AND TRADERS TRUST COMPANY,  
as Trustee

By: \_\_\_\_\_

APPROVED AS TO FORM AND LEGAL  
SUFFICIENCY AS OF THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2015.

\_\_\_\_\_  
JoAnn E. Levin  
Chief Solicitor

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