

INTRODUCED _____
PUBLIC HEARING _____
COUNCIL ACTION _____
EXECUTIVE ACTION _____
EFFECTIVE DATE _____

County Council Of Howard County, Maryland

2016 Legislative Session

Legislative Day No. 8

Bill No. 56 -2016

Introduced by: The Chairperson at the request of the County Executive

AN ORDINANCE levying and providing for the collection of a special tax on property within the special taxing district in the downtown Columbia area of Howard County, Maryland known as the "Crescent Special Taxing District" (the "Special Taxing District") pursuant to the Rate and Method identified herein and for various matters relating thereto; authorizing and empowering the County to issue up to \$90,000,000 of its special obligation bonds at a maximum interest rate not to exceed 12% per annum in order to finance or reimburse the cost of certain public improvements relating to the Special Taxing District and the Development District (as defined herein) and other costs permitted under the Acts (as identified herein); providing that such bonds and the interest thereon shall never constitute a general obligation of the County or a pledge of its full faith and credit; providing for the further specification, prescription, determination, provision for or approval of various other matters, details, documents and procedures in connection with the authorization, issuance, security, sale and payment for any such bonds; making certain legislative findings; and generally providing for the levy, imposition, collection and application of such special tax and the issuance of an initial series of bonds in accordance with the Acts identified herein.

Introduced and read first time _____, 2016. Ordered posted and hearing scheduled.

By order _____
Jessica Feldmark, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on _____, 2016.

By order _____
Jessica Feldmark, Administrator

This Bill was read the third time on _____, 2016 and Passed ____, Passed with amendments _____, Failed _____.

By order _____
Jessica Feldmark, Administrator

Sealed with the County Seal and presented to the County Executive for approval this ___ day of _____, 2016 at ___ a.m./p.m.

By order _____
Jessica Feldmark, Administrator

Approved/Vetoed by the County Executive _____, 2016

Allan H. Kittleman, County Executive

NOTE: [[test in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; ~~Strike out~~ indicates material deleted by amendment; Underlining indicates material added by amendment.

1 **Recitals**

2 Sections 12-201 *et seq.* of the Economic Development Article of the Annotated Code of Maryland
3 (as amended from time to time, the “Tax Increment Financing Act”), authorize Howard County, Maryland
4 (the “County”) to establish a “development district” (as such term is used in the Tax Increment Financing
5 Act) and a “special fund” (as such term is used in the Tax Increment Financing Act) into which the real
6 property taxes levied on the “tax increment” (as such term is used in the Tax Increment Financing Act) of
7 properties located in the development district are deposited, and to issue bonds, the proceeds of which may
8 be used (i) to buy, lease, condemn, or otherwise acquire property, or an interest in property, in the
9 development district or needed for a right-of-way or other easement to or from the development district (ii)
10 for site removal; (iii) for surveys and studies; (iv) to relocate businesses or residents; (v) to install utilities,
11 construct parks and playgrounds, and for other needed improvements, including roads to, from or in the
12 development district, parking, and lighting; (vi) to construct or rehabilitate buildings for a governmental
13 purpose or use; (vii) for reserves or capitalized interest; (viii) for necessary costs to issue “bonds” (as such
14 term is used in the Tax Increment Financing Act); and (ix) to pay the principal of and interest on loans,
15 advances or indebtedness that a political subdivision incurs for any of the foregoing purposes.

16 Before issuing bonds pursuant to the Tax Increment Financing Act, the governing body of the
17 County must designate by resolution a contiguous area within its jurisdiction as a development district,
18 receive from the supervisor of assessments a certification as to the amount of the “original base”
19 or, if applicable, the “adjusted assessable base” (each as defined in the Tax Increment Financing Act), create
20 a special fund by resolution and pledge that until the bonds have been fully paid, the property taxes on real
21 property within the development district shall be divided and allocated as provided in the Tax Increment
22 Financing Act.

23 The Tax Increment Financing Act provides that the bonds shall be payable from that portion of the
24 taxes representing the levy on the tax increment deposited in the special fund, and that the County may also
25 establish sinking funds and debt service reserve funds, and pledge other assets and revenues toward the
26 payment of the bonds.

1 Sections 21-501 *et seq.* of the Local Government Article of the Annotated Code of Maryland (as
2 amended from time to time, the “Special Taxing District Act,” and together with the Tax Increment
3 Financing Act, the “Acts”), authorize the County to create a “special taxing district” (as such term is used in
4 the Special Taxing District Act), to borrow money by issuing and selling its “bonds” (as such term is used in
5 the Special Taxing District Act) for the purpose of financing, refinancing or reimbursing the “cost” (as such
6 term is used in the Special Taxing District Act) of the design, construction, establishment, extension,
7 alteration or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts,
8 tunnels, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools, transit facilities, solid
9 waste facilities and related infrastructure improvements as necessary for the development and utilization of
10 the land, whether located within the special taxing district or outside of the special taxing district if the
11 infrastructure improvement is reasonably related to other infrastructure improvements within the special
12 taxing district, each with respect to any defined geographic region within the County, and to pay such bonds
13 from the proceeds of ad valorem taxes or special taxes levied on real property located within the boundaries
14 of the special taxing district and required to be deposited in a “special fund” created pursuant to the Special
15 Taxing District Act.

16 Prior to issuing and selling bonds for the purposes allowed under the Special Taxing District Act, a
17 request to create a special taxing district must be made to the County by both (i) at least two-thirds of the
18 owners of the real property located within the special taxing district and (ii) the owners of at least two-
19 thirds of the assessed valuation of the real property located within the special taxing district. The Application
20 to Request the Creation of a Special Taxing District, the Levy of Special Taxes on the Property in the Special
21 Taxing District, and the Issuance of Special Obligation Bonds (the “Request”) submitted to the County by
22 The Howard Research And Development Corporation constitutes a request of the property owners as
23 contemplated by Section 21-503(c) of the Special Taxing District Act.

24 Before issuing bonds under the Special Taxing District Act, the County is required to designate by
25 resolution an area or areas as a “special taxing district”, to adopt a resolution creating a special fund with
26 respect to the special taxing district, to provide for the levy of an ad valorem or special tax on all real

1 property within the special taxing district and to pledge that it will pay such ad valorem tax or special tax into
2 the special fund.

3 The bonds authorized to be issued by the Special Taxing District Act are special obligations of the
4 County payable from the ad valorem taxes or special taxes deposited in the special fund created by the
5 County, from sinking funds and debt service reserve funds established therefor, and from other assets or
6 revenues, if any, pledged by the County for that purpose.

7 Pursuant to Resolution No. ____-2016, which is being introduced simultaneously with this
8 Ordinance and will be effective prior to the enactment of this Ordinance (the “Designation Resolution”), the
9 County has designated (i) a contiguous area within its boundaries comprised of approximately 120 acres of
10 land located in Columbia, Maryland (as more particularly described in Exhibit A and Exhibit B to the
11 Designation Resolution), as a “development district” to be known as the “Downtown Columbia Development
12 District” (the “Development District”) for the purposes of the Tax Increment Financing Act and (ii) an area
13 within its boundaries comprised of approximately 61 acres of land located in Columbia, Maryland (as more
14 particularly described as tax account number 15-019921 and Map 36, Grid 1, Parcel 527 and as shown on
15 Exhibit C to the Designation Resolution), as a “special taxing district” to be known as the “Crescent Special
16 Taxing District” (the “Special Taxing District,” and together with the Development District, the “Districts”)
17 for the purposes of the Special Taxing District Act, in order to encourage and promote the development of
18 the downtown Columbia area, including the development of public parking facilities and other public
19 infrastructure.

20 The Designation Resolution contemplates that special obligation bonds will be issued by the County
21 pursuant to the authority of both Acts, in one or more series, from time to time, for the purposes of financing,
22 refinancing or reimbursing all or a portion of the cost of certain public improvements to serve the Districts,
23 as authorized by the Acts and other applicable law.

24 The Designation Resolution further provides that proceeds of any such bonds may also be applied to
25 finance, refinance or reimburse other costs and expenses permitted under both of the Acts.

1 Pursuant to the Designation Resolution, the County will establish a special fund as required by the
2 Tax Increment Financing Act designated as the “Downtown Columbia Tax Increment Fund” (the “Tax
3 Increment Fund”), and will determine certain other matters with respect to the Tax Increment Fund as
4 required by the Tax Increment Financing Act.

5 Pursuant to the Designation Resolution, the County will establish a special fund as required by the
6 Special Taxing District Act designated as the “Crescent Special Taxes Fund” (the “Special Taxes Fund”),
7 and will determine certain other matters with respect to the Special Taxes Fund as required by the Special
8 Taxing District Act.

9 Before issuing any bonds with respect to the Special Taxing District, the County is required by the
10 Special Taxing District Act to provide for the levy of an ad valorem tax or a special tax on all real property
11 within the Special Taxing District and to pledge that it shall pay such ad valorem tax or special tax to the
12 Special Taxes Fund for the payment of debt service on the bonds and other expenses and purposes permitted
13 under the Special Taxing District Act.

14 Pursuant to Section 12-204 of the Tax Increment Financing Act and Section 21-511 of the Special
15 Taxing District Act, the County may implement its authority under such Acts to issue its bonds for the
16 purpose of financing, refinancing or reimbursing the costs of public improvements benefiting the Districts
17 and certain related costs authorized by the Acts, by passing an ordinance which, among other matters,
18 specifies and describes the proposed undertaking and states that it has complied with certain conditions
19 precedent to the issuance of the bonds, specifies the maximum principal amount of the bonds to be issued,
20 and specifies the maximum rate of interest for the bonds.

21 By enactment of this Ordinance, the County desires to provide for the issuance of its special
22 obligation bonds, notes or other similar instruments in one or more series from time to time in an aggregate
23 principal amount not to exceed Ninety Million Dollars (\$90,000,000) (collectively, the “Bonds”) in order to
24 finance initially or reimburse the cost (within the meaning of the Acts) of public improvements benefiting the
25 Districts and related financing costs or costs of issuing the Bonds, including the funding of a debt service

1 reserve fund or payment of interest before, during or for a limited period of time after constructing the
2 infrastructure improvements.

3 In order to provide for the payment of the principal of and interest on the Bonds, pursuant to the
4 Designation Resolution, the County has (i) pledged that portion of the property taxes on real property
5 located within the Development District representing the levy on the Tax Increment (as defined in the
6 Designation Resolution) shall be paid into the Tax Increment Fund when collected and applied in accordance
7 with Section 9 of the Designation Resolution and Section 12-209 of the Tax Increment Financing Act and (ii)
8 determined to levy, impose and collect, and by this Ordinance hereby levies and imposes, and covenants to
9 collect, pursuant to Section 21-508 of the Special Taxing District Act, a special tax to be designated the
10 “Crescent Special Tax” (the “Special Tax”) upon all real property within the Special Taxing District, unless
11 otherwise provided by law or by the provisions hereof, for the purposes, to the extent and in the manner
12 herein provided, contingent upon the issuance and sale of the Bonds, as provided in the Howard County,
13 Maryland Crescent Special Taxing District – Rate and Method of Apportionment of Special Taxes, attached
14 hereto as Exhibit B and incorporated by reference herein as though set forth in full herein (the “Rate and
15 Method”).

16 The Special Tax shall be imposed, levied and collected in the Special Taxing District each fiscal year
17 of the County, beginning with the first fiscal year after the issuance of the Bonds, if necessary, in an amount
18 to be determined in accordance with the Rate and Method identified herein.

19 The Special Tax shall be collected in the same manner and at the same time as regular ad valorem
20 real property taxes are collected within the Special Taxing District, and the levy of the Special Tax shall be
21 discontinued when all of the Bonds have been paid in full (either at their maturity or prior to maturity by
22 defeasance in full).

23 Prior to issuing any Bonds relating to the Districts, the County is required to enact this Ordinance in
24 order to comply with certain provisions of the Acts.

1 Prior to enacting this Ordinance, the County Council of Howard County, Maryland (the “County
2 Council”) held a public hearing after giving not less than ten (10) days’ notice in a newspaper of general
3 circulation in the County in accordance with Section 21-505 of the Special Taxing District Act.

4 Prior to enacting this Ordinance, the County Council complied with Sections 12-203 and 12-208(c)
5 and (d) of the Tax Increment Financing Act and Sections 21-506 and 21-508 of the Special Taxing District
6 Act.

7 The County reasonably expects to make expenditures with respect to the public improvements to be
8 financed from proceeds of the Bonds, and to reimburse such expenditures from proceeds of the Bonds.

9 The County desires that this Ordinance shall serve as a declaration of official intent within the
10 meaning of, and for the purposes set forth in, U.S. Treasury Regulation Section 1.150-2 (the
11 “Reimbursement Regulations”).

12 **Now, therefore, in accordance with the Acts:**

13 **Section 1. Be it enacted by the County Council of Howard County, Maryland, That**

14 (a) The Recitals to this Ordinance (the “Recitals”) are deemed a substantive part of this
15 Ordinance and are incorporated by reference herein, and capitalized terms defined in the Recitals and
16 used herein shall have the meanings given to such terms in the Recitals.

17 (b) The following terms used in the Recitals and elsewhere in this Ordinance shall have the
18 meanings given to such terms in the respective Acts: “development district”, “tax increment”, “special
19 taxing district”, “cost”, “infrastructure improvements”, “bonds”, “special fund”, “ad valorem tax” and
20 “special tax”; and references to “public improvements” herein are deemed to refer to costs and activities
21 permitted to be financed and refinanced by both of the Acts, including (without limitation) “infrastructure
22 improvements”, as such term is used in the Special Taxing District Act.

23 (c) The findings and determinations set forth in Section 2 of the Designation Resolution are
24 hereby ratified and confirmed with respect to the subject matter of this Ordinance and the issuance of the
25 Bonds provided for herein.

1 (d) The issuance of Bonds for the purpose of providing funds initially to finance or reimburse
2 the costs of public improvements benefiting the Districts serves the public purposes of providing public
3 improvements within the County, directly and indirectly enhancing the taxable base of the County,
4 encouraging the development of residential areas, commerce and industry within the County, increasing
5 the general health and welfare of the residents of the County and increasing employment within the
6 County through the construction of the public improvements and the expected increased commercial activity
7 within and outside the Districts.

8 (e) The public improvements proposed to be initially financed with or reimbursed from Bond
9 proceeds include, but are not limited to, the construction of parking facilities, road improvements, utilities
10 and other public infrastructure as more particularly described in Exhibit A hereof (collectively, the
11 “Improvements”).

12 (f) The Improvements, in addition to providing general public benefits to the County and its
13 citizens, specifically benefit the properties located in the Districts by providing needed infrastructure
14 improvements for the use of the residents and businesses located or to be located on such properties and their
15 visitors and invitees and the general public.

16 (g) By the adoption of the Designation Resolution, the County took all necessary actions
17 contemplated by the Tax Increment Financing Act to provide for the segregation and deposit in the Tax
18 Increment Fund of that portion of the taxes representing the levy on the Tax Increment of properties
19 located in the Development District, and by this Ordinance the County hereby reiterates its pledge and
20 covenants to levy, collect and segregate such revenues for the benefit of the holders of the Bonds.

21 (h) By the adoption of the Designation Resolution and enactment of this Ordinance, the
22 County has complied with the provisions of the Acts, including but not limited to Section 12-204 of the
23 Tax Increment Financing Act and Section 21-511 of the Special Taxing District Act, requiring certain actions
24 to be performed prior to the issuance of any Bonds.

1 **Section 2. Be it further enacted by the County Council of Howard County, Maryland, That:**

2 (a) There is hereby levied and imposed pursuant to the Special Taxing District Act a
3 special tax (the “Special Tax”) upon all real property within the Special Taxing District, unless exempted by
4 law or by the provisions of the Rate and Method, in an amount equal to the Maximum Special Tax provided
5 for in the Rate and Method (subject to increase in each tax year as specified in the Rate and Method), which
6 Maximum Special Tax is hereby levied and imposed upon and allocated among the Parcels of Taxable
7 Property (as defined in the Rate and Method) located in the Special Taxing District in accordance with the
8 Rate and Method; provided that, the Maximum Special Tax may be reduced by the Director of Finance of the
9 County (the “Director of Finance”) in accordance with the Rate and Method. The Special Tax is hereby
10 levied and imposed to the extent and in the manner provided in the Rate and Method, through the application
11 of the procedures provided for in the Rate and Method. The Special Tax shall take effect and terminate as
12 provided in the Rate and Method. The Maximum Special Tax is designed to provide adequate revenues to
13 pay the principal of, interest on and redemption premium, if any, on the Bonds, to replenish any debt service
14 reserve fund, and for any other purpose related to the ongoing expenses of or security for the Bonds. The
15 County hereby covenants that the Special Tax shall be collected in accordance with the Rate and Method at a
16 rate and amount at least sufficient in each year in which any of the Bonds are outstanding to provide, if
17 necessary, for the payment of the principal of, interest on and any redemption premium on the Bonds, to
18 make any other required payments and to provide for ongoing expenses of or security for the Bonds, all in
19 accordance with the Rate and Method; provided that, amounts on deposit in the Tax Increment Fund or
20 available from other sources (including interest earnings) shall be credited against the Special Tax to be
21 collected in each year in accordance with the Rate and Method. The Council hereby authorizes and directs
22 the County Executive of the County (the “County Executive”), on behalf of the County, to determine the
23 amount of the Special Tax to be collected from each Parcel of Taxable Property in each year in accordance
24 with the procedures set forth in the Rate and Method, which amount to be collected may be in an amount less
25 than the Maximum Special Tax allocable to each such Parcel in accordance with the Rate and Method, but
26 may not exceed the Maximum Special Tax allocated to each such Parcel pursuant to the Rate and Method.

1 The Rate and Method was prepared by MuniCap, Inc. for the benefit of the County. The Special Tax also
2 may be levied with respect to any refunding bonds issued under the Special Taxing District Act (and any
3 other authorizing law, if applicable) pursuant to the provisions of an ordinance or resolution enacted or
4 adopted by the County in connection with the issuance of such refunding bonds.

5 (b) Attached hereto as Exhibit C and incorporated by reference herein as though set forth herein
6 in full is the “Howard County, Maryland Crescent Special Taxing District – Special Tax Report” (the
7 “Report”), prepared by MuniCap, Inc. for the benefit of the County, which Report documents the
8 methodology utilized in apportioning the Special Tax among property owners within the Special Taxing
9 District and, based on, and in reliance upon, the Report, the Council finds that the methodology is
10 reasonable and results in fairly allocating the costs of the Improvements as required by the Special Taxing
11 District Act.

12 **Section 3. Be it further enacted by the County Council of Howard County, Maryland, That:**

13 The issuance and sale by the County of the Bonds, from time to time, in one or more series, in an
14 aggregate principal amount not to exceed Ninety Million Dollars (\$90,000,000), and bearing interest at a rate
15 of interest not to exceed Twelve Percent (12%) per annum, all as may be determined pursuant to this
16 Ordinance, is hereby authorized and approved. The Bonds are authorized hereby to be executed by the
17 manual or facsimile signatures of the County Executive and the Director of Finance of the County (the
18 “Director of Finance”) and the seal of the County shall be affixed to the Bonds and attested by the Chief
19 Administrative Officer of the County (the “Chief Administrative Officer”). Any series of Bonds shall mature
20 not later than thirty (30) years from the date of issuance. **The Bonds shall not be an indebtedness of the**
21 **County for which the County is obligated to levy or pledge, or has levied or pledged, ad valorem taxes**
22 **or special taxes of the County other than the real property taxes representing the levy on the Tax**
23 **Increment of properties located in the Development District or the Special Taxes contemplated by this**
24 **Ordinance. The Bonds shall be a special obligation of the County and will not constitute a general**
25 **obligation debt of the County or a pledge of the County’s full faith and credit or taxing power. The**
26 **only funds the County will be obligated to use to make payment on the Bonds will be those that result**

1 **from real property taxes levied by the County on the Tax Increment of properties located in the**
2 **Development District and the Special Tax levied on and collected from property located in the Special**
3 **Taxing District and from moneys held under the Indenture.**

4 **Section 4. Be it further enacted by the County Council of Howard County, Maryland, That**
5 prior to the sale, issuance and delivery of any series of the Bonds, the County Executive, by executive order,
6 is hereby authorized, empowered and directed to specify, prescribe, determine, provide for or approve, for
7 the purposes and within the limitations of the Acts and this Ordinance, all matters, details, forms, documents
8 and procedures pertaining to the sale, security, issuance, delivery and payment of or for such Bonds,
9 including, without limitation, the following (references in the following clauses (a) – (r) to the Bonds are
10 deemed to refer to any series of the Bonds):

- 11 (a) The actual principal amount of the Bonds to be issued;
- 12 (b) The actual rate or rates of interest for the Bonds;
- 13 (c) The manner in which and the terms upon which the Bonds are to be sold;
- 14 (d) The manner in which and the times and places that the interest on the Bonds is to be paid;
- 15 (e) The time or times that the Bonds may be executed, issued and delivered;
- 16 (f) The form and tenor of the Bonds and the denominations in which the Bonds may be issued;
- 17 (g) The manner in which and the times and places that the principal of the Bonds is to be paid,
18 within the limitations set forth in the Acts and this Ordinance;
- 19 (h) Provisions pursuant to which any or all of the Bonds may be called for redemption prior to
20 their stated maturity dates;
- 21 (i) Provisions for obtaining insurance for the Bonds or for the issuance of a guaranty, letter of
22 credit, line of credit, or similar credit support for the Bonds;
- 23 (j) The form and contents of, and provisions for the execution and delivery of, such financing or
24 other documents that are not otherwise specifically identified in this Ordinance or the Designation
25 Resolution, and any amendments, modifications or supplements thereto, as the County Executive shall deem
26 necessary or desirable to evidence, secure or effectuate the issuance, sale and delivery of the Bonds,

1 including, without limitation, any trust indenture or trust agreement, any funding or similar agreement, any
2 bond purchase agreement, agreements with consultants to or agents of the County with respect to the
3 Districts or the Bonds, fee agreements, investment agreements, security agreements, assignments, guarantees,
4 financing agreements or escrow agreements;

5 (k) The creation of security for the Bonds and provision for the administration of the Bonds
6 including, without limitation, the appointment of such trustees, escrow agents, fiscal agents, administrators of
7 the Districts, paying agents, registrars, rebate monitors or other agents as the County Executive shall deem
8 necessary or desirable to effectuate the transactions authorized hereby;

9 (l) Provisions for the preparation and distribution of both a preliminary and a final official
10 statement, placement memorandum, offering circular or other disclosure document in connection with the
11 sale of the Bonds, if such preliminary and final official statement, placement memorandum, offering circular
12 or other disclosure document is determined to be necessary or desirable for the sale of the Bonds;

13 (m) The determination of the manner of sale of the Bonds, which may be either at public or
14 private negotiated or competitive sale, the identity of the underwriter or placement agent for the Bonds, if
15 any, or the purchaser or purchasers of the Bonds, and the form and contents of, and provisions for the
16 execution and delivery of, any contract or contracts for the purchase and sale of the Bonds (or any portion
17 thereof);

18 (n) To the extent that other obligated persons with respect to the Bonds have not
19 assured compliance with, or to the extent that the offering of the Bonds is not exempt from the requirements
20 of, Rule 15c2-12 of the United States Securities and Exchange Commission, the determination of the form
21 and contents of any written agreement or contract required by law or to the extent the same is determined to
22 be necessary or desirable even if not required by law, for the benefit of the holders of the Bonds under which
23 agreement or contract the County will undertake to provide annual financial information, audited financial
24 statements, material events notices, and other information to the extent required by such Rule or such
25 agreement or contract;

1 (o) The negotiation, preparation, execution and delivery of any development agreements or use
2 agreements with the owners of any portion of the property located within the Districts and/or their
3 developers, contractors or agents regarding the use and application of proceeds of the Bonds or the use or
4 ownership of properties located within the Districts or outside the Districts if benefited by the Improvements
5 and any agreements necessary or desirable to provide the transfer of ownership of the Improvements to the
6 County or any other governmental agency or public entity if required by the County Executive or in order to
7 ensure that the interest payable on any such Bonds shall remain exempt from gross income for federal
8 income tax purposes, if applicable;

9 (p) The specific Improvements to be financed, reimbursed or refinanced from proceeds of the
10 Bonds or the mechanics for determining the same;

11 (q) Any matters contemplated by the Acts relating to application of the proceeds of the Bonds,
12 including, without limitation, the establishment and application of sinking funds and reserve funds and
13 provision for any payment of capitalized interest on the Bonds; and

14 (r) The determination of, or the provision for, such other matters in connection with the
15 authorization, issuance, execution, sale, delivery, and payment of the Bonds, the security for the Bonds, and
16 the consummation of the transactions contemplated by this Ordinance as may be deemed appropriate by the
17 County Executive, including, without limitation, establishing procedures for the execution,
18 acknowledgement, sealing and delivery of such other and further agreements, documents and instruments,
19 and the authorization of the officials of the County to take any and all actions, as are or may be necessary or
20 appropriate to consummate the transactions contemplated by this Ordinance in accordance with the Acts and
21 this Ordinance.

22 The County Executive's execution and delivery of any such executive order shall constitute
23 conclusive evidence of the County Executive's approval of the subject matter thereof.

24 **Section 5. Be it further enacted by the County Council of Howard County, Maryland,** That the
25 County Executive, on behalf of the County, by an executive order contemplated in Section 4 hereof, is
26 hereby authorized to condition the issuance of any series of the Bonds upon the execution, delivery and

1 recording, as applicable, by the County, any of then-current owners of property located in the Districts, the
2 developers of property within the Districts or other appropriate parties of any declaration of covenants, any
3 notice to subsequent property owners within the Districts, any notification to a governmental unit having
4 jurisdiction over any Improvements located outside the County, or any other similar documents, instruments
5 or certificates reasonably related to the transactions contemplated by this Ordinance. The County Executive,
6 on behalf of the County, is hereby authorized and empowered to prepare or cause to be prepared, negotiate or
7 cause to be negotiated and execute and deliver any such documents, instruments or certificates to which the
8 County is a party, and the same shall contain such terms, agreements and conditions and be in such form as
9 the County Executive may approve, and the execution and delivery of the same by the County Executive
10 shall constitute conclusive evidence of the County Executive's approval thereof.

11 **Section 6. Be it further enacted by the County Council of Howard County, Maryland, That:**

12 (a) The County covenants with the registered owners of any such series of the Bonds that it will
13 not make, or (to the extent that it exercises control or direction) permit to be made, any use of the proceeds of
14 the applicable series of Bonds or of any monies, securities or other obligations to the credit of any account of
15 the County which may be deemed to be proceeds of such series of the Bonds pursuant to the Internal
16 Revenue Code of 1986, as amended (the "Code"), or the income tax regulations thereunder (the
17 "Regulations") (collectively, the "Bond Proceeds") that would cause the Bonds of such series to be
18 "arbitrage bonds" within the meaning of the Code and the Regulations, and that it will comply with those
19 provisions of the Code and the Regulations as may be applicable to the Bonds of such series on their date of
20 issuance and which may subsequently lawfully be made applicable to the Bonds of such series as long as any
21 applicable Bond remains outstanding and unpaid.

22 (b) The County specifically covenants that it will comply with the provisions of the Code and
23 the Regulations applicable to any such series of the Bonds, including, without limitation, compliance with
24 provisions regarding the timing of the expenditure of the proceeds of the Bonds, the use of such proceeds and
25 the facilities financed or refinanced with such proceeds, the restriction of investment yields, the filing of
26 information with the Internal Revenue Service, and the rebate of certain earnings resulting from the

1 investment of the proceeds of the Bonds or payments in lieu thereof. The County further covenants that it
2 shall make such use of the proceeds of the Bonds of such series, regulate the investment of the proceeds
3 thereof and take such other and further actions as may be required to maintain the exclusion from gross
4 income for federal income tax purposes of interest on the Bonds of such series. All officials, officers,
5 employees and agents of the County are hereby authorized and directed to provide such certifications of facts
6 and estimates regarding the amount and use of the proceeds of the Bonds of such series as may be necessary
7 or appropriate.

8 (c) The provisions of this Section 6 shall apply only to any series of Bonds that is issued with
9 the expectation that interest on the Bonds of such series shall be excludable from gross income for purposes
10 of federal income taxation.

11 **Section 7. Be it further enacted by the County Council of Howard County, Maryland,** That the
12 County reasonably expects to pay costs permitted by both of the Acts with respect to the Improvements
13 described in the Recitals to this Ordinance prior to the issuance of the Bonds and to use proceeds of the
14 Bonds to reimburse all or a portion of such prior expenditures. The maximum principal amount of the Bonds
15 expected to be issued by the County for the purpose of financing or reimbursing the costs of such
16 Improvements and related costs permitted by the Acts is Ninety Million Dollars (\$90,000,000). The County
17 intends that this Ordinance shall constitute a declaration of official intent within the meaning of, and for the
18 purposes set forth in, the Reimbursement Regulations.

19 **Section 8. Be it further enacted by the County Council of Howard County, Maryland,** That
20 the County Executive, the Chief Administrative Officer and the Director of Finance, acting individually
21 or in concert as appropriate (in any such case the “Authorized Representative”), and provided that such
22 actions are within the bounds of their authority, are authorized and directed to take any and all actions and
23 to execute, attest, affix the County’s seal to and deliver, and to file and record in any appropriate public
24 offices (if applicable) all documents, instruments, certifications, forms (including but not limited to,
25 appropriate IRS forms in respect to the Bonds), financing statements, letters of instructions, written
26 requests, contracts, agreements and other papers customarily delivered in connection with the issuance of

1 obligations in the nature of the Bonds, whether or not herein mentioned and not otherwise provided for
2 herein or in the Designation Resolution, as may be necessary or convenient to evidence the approvals of
3 the County provided in this Ordinance, to invest the proceeds of the Bonds or moneys on deposit in the
4 Tax Increment Fund or the Special Taxes Fund (in all such, cases, in accordance with the provisions of
5 applicable Maryland and federal law), to facilitate the issuance of any series of the Bonds and to
6 consummate the transactions contemplated in this Ordinance or in any of the documents herein authorized
7 and approved.

8 **Section 9. Be it further enacted by the County Council of Howard County, Maryland,** That the
9 provisions of this Ordinance shall be liberally construed in order to effectuate and carry out the purposes of
10 and the activities authorized by the Acts and the matters contemplated by this Ordinance.

11 **Section 10. Be it further enacted by the County Council of Howard County, Maryland,** That
12 the provisions of this Ordinance are severable, and if any provision, sentence, clause, section or part hereof is
13 held or determined to be illegal, invalid, unconstitutional or inapplicable to any person or circumstance, such
14 illegality, invalidity, unconstitutionality or inapplicability shall not affect or impair any of the remaining
15 provisions, sentences, clauses, sections or parts of this Ordinance or their application to other persons or
16 circumstances. It is hereby declared to be the intent of the County that this Ordinance would have been
17 adopted if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause, section or part
18 had not been included herein, and if the person or circumstances to which this Ordinance or any part hereof
19 are inapplicable had been specifically exempted herefrom.

20 **Section 11. Be it further enacted by the County Council of Howard County, Maryland,** That
21 this Ordinance shall take effect on the date of its enactment. In the event that no Bonds are issued pursuant to
22 the Acts within five years of the effective date of this Ordinance, this Ordinance shall expire and shall be of
23 no further force and effect. The Council may extend the effectiveness of this Ordinance prior to its expiration
24 by enacting another ordinance.

EXHIBIT A

Description of Improvements

The public improvements include but are not limited to:

1. the construction of parking facilities, including a multi-level public parking garage and related infrastructure necessary to facilitate access and operations;
2. the construction of road improvements to, from, or in the Development District including the construction of a new road running south from Little Patuxent Parkway and east to Symphony Drive, improvements to Symphony Drive, improvements to Hickory Ridge, intersection improvements, and related storm water management improvements;
3. the installation of utilities, including water and sewage facilities; and
4. the construction, installation, acquisition and development of other related improvements as permitted by the Acts that are necessary for the completion of the foregoing for their intended public purposes.

EXHIBIT B

Howard County, Maryland Crescent Special Taxing District

Rate and Method of Apportionment of Special Taxes

***HOWARD COUNTY, MARYLAND
CRESCENT SPECIAL TAXING DISTRICT***

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

A Special Tax is hereby levied and shall be collected in the Crescent Special Taxing District (the “District”) each Fiscal Year, beginning with the Commencement Date and continuing until the Termination Date, in an amount determined through the application of the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms used herein shall have the following meanings:

“**Act**” means Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland, as amended from time to time.

“**Adjusted Maximum Special Tax**” means the Special Tax determined in accordance with Section B.3.

“**Administrative Expenses**” means any or all of the following costs and expenses of the County incurred in connection with the discharge of its duties in connection with the administration of the District or the Bonds, including without limitation: the costs and expenses of the County in carrying out its duties under the Indenture of Trust, including, but not limited to, calculating, levying and collecting the Special Tax (whether collected by the County or otherwise) and complying with arbitrage rebate requirements and obligated persons disclosure requirements associated with applicable federal and state securities law, including an allocable share of the salaries of the County staff directly related to the administration of the District and a proportionate amount of County general administration overhead related thereto, and the out-of-pocket costs and expenses of the County for any professionals retained by the County to provide services for such purposes; any amounts required to be rebated by the United States of America to comply with the arbitrage rebate requirements applicable to the Bonds, including payments in lieu of rebate; fees payable for any bond insurance or other financial guaranty or credit enhancement with respect to any Bonds or under the Indenture of Trust, including, without limitation, any credit facility for any reserve fund; any unpaid cost or expense of the County, including, without limitation, fees and expenses of legal counsel and any professionals retained by the County, for which the County is entitled to indemnification pursuant to a development agreement or other agreements relating to the District incurred in connection with the defense by the County or the bringing by the County of any claim, demand, suit or cause of action relating to the issuance of any Bonds, the establishment of the District, the levy or collection of Special Tax or any other matters related thereto; any fees, expenses or costs included in the definition of Administrative Expenses set forth in the Indenture of Trust and not specifically included herein; and all other costs and expenses of the County, the Trustee, and the Administrator incurred in

connection with the discharge of their respective duties, including legal fees and expenses associated with such duties.

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

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

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

“Commencement Date” means the first Fiscal Year in which Special Taxes are levied and may be collected, which shall be the first Fiscal Year after the issuance of the Bonds.

“Completion of Construction” means the later of (i) completion of all of the Public Improvements as evidenced by a certificate of completion (as provided for in the Indenture of Trust) and (ii) the end of the capitalized interest period on the Bonds.

“County” means Howard County, Maryland.

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

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

“Development District” means the Downtown Columbia Development District created pursuant to a resolution enacted by the County.

“Director of Finance” means the official of the County who is the director of finance or other comparable officer of the County or designee thereof.

“District Maximum Special Tax” means \$7,727,599 for the 2016-2017 Fiscal Year. On each July 1, commencing July 1, 2017, the District Maximum Special Tax shall be increased to 102 percent of the District Maximum Special Tax in effect in the previous Fiscal Year. The District Maximum Special Tax as of any date shall be reduced for (i) any prepayments of Special Taxes pursuant to Sections J, K, or L occurring prior to such date and (ii) a reduction in Maximum Special Tax pursuant to Section H.

“Equivalent Units” means:

Residential Rental A Property	1.00	Per Unit
Residential Rental B Property	0.64	Per Unit
Residential Rental C Property	0.15	Per Unit
Residential Rental D Property	0.52	Per Unit
Residential For Sale A Property	1.74	Per Unit
Residential For Sale B Property	1.52	Per Unit
Office Property	1.05	Per 1,000 BSF
Retail Property	1.75	Per 1,000 BSF
Hotel Property	0.49	Per Room

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

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

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

“Mandatory Prepayment of the Special Tax” means the required partial prepayment of the Special Tax pursuant to Section L.

“Maximum Special Tax” means the Special Tax determined in accordance with Section B.1 or B.2.

“Maximum Special Tax Rates” means the Special Tax determined in accordance with Section B, as reduced pursuant to Section H.

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

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

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

“Parcel” means a lot or parcel of real property within the District with a parcel number assigned by the tax collector or a separate legal parcel identified by the County for purposes of collecting Special Taxes.

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

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

“Public Property” means property within the boundaries of the District owned by, or irrevocably offered for dedication (in a plat map approved by the County or otherwise) to, the federal government, State of Maryland, the County, other entities exempt from taxation for public purposes, or other public agency or instrumentality, 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 or portions of parcels for which a copy of the easement or offer has been provided to the Administrator.

“Required Maximum Special Tax” means the required Maximum Special Tax, if any, as provided for in the Indenture of Trust.

“Residential For Sale A Property” means stacked flats, more specifically Residential Property not classified as Residential Rental Property or Residential For Sale B Property that generally consists of units either above or below other units for sale to the general public, including any ancillary uses thereof.

“Residential For Sale B Property” means townhomes, more specifically Parcels of Residential Property not classified as Residential Rental Property that is a detached building containing three or more attached dwelling units that are generally attached residential dwelling units located side by side (but not stacked), including any ancillary uses thereof.

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

“Residential Rental Property” means Residential Property consisting of a detached building containing three or more rental dwelling units that is part of a residential planned and managed development for rent and under common management, including any ancillary uses thereof.

“Residential Rental A Property” means Residential Rental Property consisting of a detached building containing three or more rental dwelling units that is part of a residential planned and managed development for rent and under common management, excluding Residential Rental Property B, Residential Rental Property C, and Residential Rental Property D, including any ancillary uses thereof.

“Residential Rental B Property” means Residential Property acting as a detached building containing three or more rental dwelling units that is part of a residential planned and managed development for rent and under common management, available for occupancy by a household with income of not more than 80% of the Howard County median income, including any ancillary uses thereof.

“Residential Rental C Property” means Residential Property consisting of a detached building containing three or more rental dwelling units that is part of a residential planned and managed development for rent and under common management, available for occupancy by a household with an income of not more than 60% of the Howard County median income, and eligible for low income housing tax credits, including any ancillary uses thereof.

“Residential Rental D Property” means Residential Property consisting of a detached building containing three or more rental dwelling units that is part of a residential planned and managed development for rent and under common management, available for occupancy by a household with an income of not more than 60% of the Howard County median income, including any ancillary uses thereof.

“Retail Property” means property used or intended for use primarily as retail, including restaurants, selling goods or services to the general public, including any ancillary uses thereof.

“Special Tax” means the special tax that has been levied and that may be collected each year by the County on Taxable Property to fund the Special Tax Requirement.

“Special Tax Credit” means, for any Fiscal Year, Tax Increment Revenues related to the Parcel available to apply as a Special Tax Credit pursuant to the Indenture of Trust and included in the Special Tax Requirement for that Fiscal Year. (The Special Tax Credit shall not include Tax Increment Revenues set aside for the County pursuant to the Indenture of Trust.) 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 the land of each Parcel.

“Special Tax Requirement” has the meaning given to it in Section D.1.

“Tax Increment Fund” means the account of such name established for the Development District pursuant to a resolution enacted by the County.

“Tax Increment Revenues” means the amounts paid or to be paid into the Tax Increment Fund each year by the County that are available to be applied to reduce the Special Tax Requirement pursuant to the Indenture of Trust.

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

“Termination Date” means the last Fiscal Year in which Special Taxes have been levied and may be collected as provided for in Section G.

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

“Undeveloped Property” means Parcels of Taxable Property not classified as Developed Property.

B. MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for the 2016-2017 Fiscal Year for each Parcel of Developed Property shall be equal to the product of the number of residential dwelling units, Building Square Footage, and Hotel Property guest rooms that may be built on such Parcel and the Maximum Special Tax Rate for each class of property shown in Table A below.

TABLE A
Developed Property
Maximum Special Tax Rates
2016-2017 Fiscal Year

<i>Property Class</i>	<i>Maximum Special Tax Rates per Unit/1,000 BSF/Room</i>	
Residential Rental A Property	\$1,634	Per Unit
Residential Rental B Property	\$1,046	Per Unit
Residential Rental C Property	\$245	Per Unit
Residential Rental D Property	\$850	Per Unit
Residential For Sale A Property	\$2,843	Per Unit
Residential For Sale B Property	\$2,484	Per Unit
Office Property	\$1,716	Per 1,000 BSF
Retail Property	\$2,859	Per 1,000 BSF
Hotel Property	\$801	Per Room

On each July 1, commencing July 1, 2017, the Maximum Special Tax Rates shown in Table A shall be increased to 102 percent of the respective Maximum Special Tax Rate in effect in the previous Fiscal Year.

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

2. Undeveloped Property

The Maximum Special Tax for any Fiscal Year for each Parcel classified as Undeveloped Property shall be determined by the following formula:

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

Where the terms have the following meaning:

A = The Maximum Special Tax for a Parcel of Undeveloped Property

- B = The District Maximum Special Tax
- C = The Maximum Special Tax on all Parcels of Developed Property
- D = The Net Land Area of the Parcel for which the Special Tax is being calculated
- E = The Net Land Area of all of the Parcels of Undeveloped Property.

3. Adjusted Maximum Special Tax

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

$$A = B - C$$

Where the terms have the following meaning:

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

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

4. Personal Property

The Special Tax Rate on personal property shall be zero.

C. ASSIGNMENT TO LAND USE CATEGORIES

For each Fiscal Year, each Parcel shall be classified as Public Property, Owner Association Property, or Taxable Property. Each Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Each Parcel of Developed Property shall be classified as Residential Property, Office Property, Retail Property, or Hotel Property. Each Parcel of Residential Property shall be classified as Residential For Sale A Property, Residential For Sale B Property, Residential Rental A Property, Residential Rental B Property, Residential Rental C Property, or Residential Rental D Property. Each classification shall be made on the basis of the classification that most nearly matches the property being classified. The classification of Parcels shall be made based on the status of each Parcel as of the Date of Classification.

D. LEVY AND COLLECTION OF SPECIAL TAXES

Special Taxes are levied each Fiscal Year, beginning with the 2016-2017 Fiscal Year and continuing until the year provided for in Section G hereof, at the Maximum Special Tax. Special Taxes shall be collected each Fiscal Year as provided for below.

1. Special Tax Requirement

The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and determined by the Director of Finance 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) to be paid from the Special Tax 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) a contingency, which may include estimated delinquencies expected in payment of Special Taxes, 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. Collection of the Special Tax

Commencing with Fiscal Year 2016-2017 and for each following Fiscal Year, the Special Tax shall be collected as provided below.

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

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

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

3. Circumstances Under Which Special Taxes May Be Increased as a Result of a Default

Special Taxes levied on any Parcel may be increased as a result of a default in the payment of the Special Taxes levied on any other Parcel is based on the provisions of Section D.1. and D.2. The Special Taxes levied on any Parcel cannot be increased above the Adjusted Maximum Special Tax as a result of a default in the payment of Special Taxes levied on any other Parcel. However, if Special Taxes to be collected from any Parcel pursuant to the provisions of Sections D.1. and D.2. are less than the Adjusted Maximum Special Tax for such Parcel, the Special Tax to be collected may be increased up to the Adjusted Maximum Special Tax as a result of a default in the payment of the Special Tax to be collected from any Parcel.

E. EXEMPTIONS

The Special Tax is not levied on and shall not be collected from Public Property or Owner Association Property.

F. MANNER OF COLLECTION

The Special Tax shall 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 County, provided that such time or manner is not inconsistent with the provisions of the Indenture of Trust. The Special Tax shall be secured in the same manner as general ad valorem taxes and shall be subject to the same penalties and interest and the same procedure, sale and lien priority in case of delinquency as is provided for general ad valorem taxes.

G. TERMINATION OF SPECIAL TAXES

Except for any delinquent Special Taxes related penalties and interest, Special Taxes shall not be collected from any Parcel after the earlier of (i) the repayment or defeasance of all Bonds and (ii) such time provided for by the Indenture of Trust.

H. REDUCTION IN THE MAXIMUM SPECIAL TAXES

The Maximum Special Tax Rates and the District Maximum Special Tax may be reduced by the Director of Finance once all of the Bonds are issued to reflect the actual debt service on the Bonds such that the District Maximum Special Tax and the Maximum Special Tax that may be collected from all Parcels of Developed Property at the expected build-out of the District is equal to the minimum debt service coverage requirement provided for in the Indenture of Trust. The Director of Finance shall make any such reductions in writing and shall provide a copy of such reductions to the Administrator and the Trustee.

I. SPECIAL TAX APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Director of Finance not later than one calendar year after the due date (i.e., July 1) for the Special Tax that is disputed. Such appeal may not affect the due date of the payment of the Special Tax. The Director of Finance, or the designee of the Director of Finance, shall promptly review all information supplied by the appellant in support of the appeal and, if necessary, meet with the property owner, and decide the appeal. If the decision of the Director of Finance requires the Special Tax to be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy or unless sufficient funds will otherwise be available to meet the Special Tax Requirement), but an adjustment shall be made to the next Special Tax levy on that Parcel. The decision of the Director of Finance may be appealed to the County's chief administrative officer, who shall hold a hearing on the appeal and consider any written or oral evidence presented by appellant. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

J. PREPAYMENT OF SPECIAL TAXES

The Special Tax for any Parcel may be prepaid and the obligation to pay the Special Tax for the Parcel permanently satisfied as provided for herein. The Special Tax to be prepaid for Parcels of Undeveloped Property shall be calculated as if the Parcels were Developed Property.

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

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

Premium means an amount equal to the Principal multiplied by the applicable redemption premium for the Bonds to be redeemed on the earliest date on which such Bonds are to be redeemed, as provided for in the Indenture of Trust. There shall be no Premium if the prepayment is made prior to the issuance of any Bonds.

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

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

Reserve Fund Credit means any reduction in funds required to be on deposit in the reserve fund resulting from the redemption of Bonds, as provided for in the Indenture of Trust.

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

K. PARTIAL PREPAYMENT OF SPECIAL TAXES

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

$$A = B \times C$$

Where the terms have the following meaning:

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

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

L. MANDATORY PREPAYMENT OF SPECIAL TAXES

A Mandatory Prepayment of the Special Tax shall be required upon any event that results in a reduction in the number of Equivalent Units, if provided for in the Indenture of Trust, including the conversion of Taxable Property to Public Property, such that the Maximum Special Tax for all Taxable Property in the District upon full development of the District will be less than the Required Maximum Special Tax. A reduction in Equivalent Units shall be based on the methodology set forth in Indenture of Trust relating to the determination of the Required Maximum Special Tax.

The Mandatory Prepayment of Special Tax shall be calculated as set forth in Section J; however, "Principal" shall be calculated according to the following formula:

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

Where the terms have the following meaning:

- A = the principal portion of the Mandatory Prepayment of Special Tax
- B = the Required Maximum Special Tax
- C = the Maximum Special Tax for the Parcel, calculated as set forth above
- D = the Maximum Special Tax for all Taxable Property in the District upon full development of the District
- E = the total principal amount of Bonds outstanding.

The amounts calculated in the preceding formula shall be paid to the County or the Trustee in accordance with the Indenture of Trust and shall be used to pay and redeem the Bonds in accordance with the Indenture of Trust and to pay the Administrative Expenses associated with the Mandatory Prepayment of Special Tax.

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

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

M. AMENDMENTS

This Rate and Method of Apportionment of Special Taxes may be amended by the County 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 County to fulfill its obligations to levy and collect the Special Tax to make it available for the payment of the Bonds and Administrative Expenses. Any such amendment may not increase the Maximum Special Tax.

N. INTERPRETATION OF PROVISIONS

The Director of Finance 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 County, such determination shall be conclusive. All terms and provisions herein shall be liberally construed to effectuate the purposes set forth herein.

O. SEVERABILITY

If any section or part of a section of this Rate and Method of Apportionment of Special Taxes is declared invalid or unenforceable, the validity, force, and effect of any other section or part of a section herein shall not thereby be affected or impaired unless such other section or part of a section herein is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unenforceable.

EXHIBIT C

Howard County, Maryland Crescent Special Taxing District

Special Tax Report

HOWARD COUNTY, MARYLAND

CRESCENT SPECIAL TAXING DISTRICT

SPECIAL TAX REPORT

Prepared By:

MuniCap, Inc.

May 26, 2016

**HOWARD COUNTY, MARYLAND
CRESCENT SPECIAL TAXING DISTRICT
SPECIAL TAX REPORT**

Purpose of Report

The Crescent Special Taxing District (the “District”) is being created to facilitate the financing of all or a portion of the costs of the public improvements for the District, including costs related to the issuance of the bonds. Bonds are expected to be issued by Howard County, Maryland (the “County”) to fund the costs of the public improvements for the benefit of property within the District. The bonds will include the costs of the public improvements, issuance costs, interest on the bonds during construction as well as for a period after construction, and a debt service reserve fund.

The County will levy a special tax each year to provide funds for the payment of debt service on the bonds, to replenish the debt service reserve fund if needed, cover the cost of administration of the District, and fund other costs related to the bonds. The District is being created, special taxes levied, and bonds issued pursuant to the Special Taxing District Act, Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (as amended from time to time, the “Act”). The Act requires special taxes to be levied in a manner that is reasonable. This report explains the reasonable basis of the special taxes levied as described in the “Rate and Method of Apportionment of Special Taxes” (the “RMA”) for the District. Capitalized terms not defined herein shall have the meaning as defined in the RMA.

Description of the Special Taxing District

The District includes one parcel, tax number 15-019921, consisting of approximately 60.89 acres. The Parcel is vacant property currently used for surface parking for Merriweather Post Pavilion patrons. Construction has started on the northern portion of the parcel to complete a 200,000 square foot office building. The District is generally bound by Little Patuxent Parkway to the north, existing property owners to the east, Route 29 Interchange #18 and Broken Land Parkway to the south, and Broken Land Parkway to the west.

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

Table A
Tax Parcel Within the District

Tax ID	Owner Name	Acres	2015 Assessed Value¹
15-019921	The Howard Research And Development Corporation	60.89	\$7,281,900

¹The assessed value is based on information provided by Maryland State Department of Assessments and Taxation. The base value will be established as of January 1 of the year preceding the effective date of the legislation creating the development district or 1/1/2015.

A map outlining the proposed area of the District is shown in Exhibit A, attached hereto.

The property in the District and in the entire Downtown Columbia Plan Area is currently zoned NT ("New Town") District under Section 125 of the Howard County Zoning Regulations. Pursuant to Section 125, development levels are limited to the following:

Table B
Howard County Zoning Code - Maximum Development Levels*

Dwelling units	5,500	Units
Net new office	4,300,000	GFA
Net new hotel	640	Rooms
Net new retail	1,250,000	GFA
<p>*The above development levels shall be in addition to the number of dwelling and gross floor area of nonresidential uses shown on a Site Development Plan approved prior to April 6, 2010.</p> <p>Source: Howard County Zoning Regulations Section 125, 9.c.</p>		

Legislation is currently proposed that would amend the allowable uses for the property in the Downtown Columbia Plan Area and in the District. Amendments to Section 125 of the Howard County zoning regulations are contemplated to provide for affordable income units in Downtown Columbia. Upon approval, the property in the Downtown Columbia Plan Area and District would be subject to minimum and maximum development requirements for the construction of 900 affordable housing units. Table C below shows the maximum allowable uses consistent with the proposed legislation.

Table C
Proposed Zoning Amendments - Maximum Development Levels

Affordable dwelling units	900	Units
Dwelling units	5,500	Units
Net new office	4,300,000	GFA
Net new hotel	640	Rooms
Net new retail	1,250,000	GFA
<p>Source: Affordable Housing Joint Recommendations Proposal.</p>		

The development to be completed and included in the District is shown by Table D. This development is consistent with the proposed zoning amendments as described above.

Table D
Proposed Special Taxing District Development

Development Type	Units	Gross SF/Unit	Gross Sq. Ft.
Residential			
Multi-Family Rental			
<i>Market rate</i>	1,649	1,125	1,855,125
<i>80% AMI</i>	75	1,075	80,625
<i>60% AMI/LIHTC</i>	90	920	82,800
<i>30% AMI</i>	77	1,048	80,696
<i>Sub-total</i>	1,891		2,099,246
Commercial			
Office	-	-	2,304,300
Retail	-	-	249,710
Hotel (rooms)	250	-	149,100
Total	2,141		4,802,356

A map showing the areas within the District planned for development, including Crescent Phase I, is attached to the Report as Exhibit B.

Proposed Public Improvements

The purpose of the District, the special taxes to be levied in the District, and the special obligation bonds to be issued with respect to the District, is to finance all or a part of the costs of public improvements necessary for the Crescent Phases I and II shown in Table E.

Table E
Crescent Special Taxing District - Public Improvements

Public Improvements	Total
Roads Segment 1:	
Merriweather Drive (2,076 LF)	\$4,228,334
Hickory Ridge (714 LF)	\$571,995
Road segment 1 SW Piping, Treatment & Storage	\$1,647,907
Road Segment 1 water & sewer	\$3,669,339
Sub-total segment 1	\$10,117,574
Roads Segment 2:	
Completion of Merriweather Drive and North section of North South Connector (Symphony Drive).	\$3,937,008
Road segment 2 SW Piping, Treatment & Storage	\$830,277
Road Segment 2 water & sewer	\$1,836,687
Sub-total segment 2	\$6,603,973
At-grade intersection improvements (multiple intersections)	
Governor Warfield/Twin Rivers	\$359,355
Little Patuxent/Swift Stream	\$267,319
Broken Land/Twin Rivers	\$199,256
Little Patuxent/Merriweather Drive	\$499,905
Broken Land/Hickory Ridge Signalization	\$470,925
Maintenance of traffic/nightwork premium	\$123,165
Physical improvement allowance	\$978,075
Sub-total intersection improvements	\$2,898,000
Wetland restoration/mitigation	\$2,412,134
Public parking (area 3; garage c3.3) 2,545 spaces	\$51,168,911
Crescent Phase II public parking structure (C-3R1 underground 190 spaces)	\$5,787,994
Crescent Phase II public parking structure (C-3LR4 underground 100 spaces)	\$3,046,313
Road segment 4 (NS Connector/jug handle)	\$15,939,000
Total public improvements	\$97,973,899

A description of these improvements follows. A map of the public improvements is included as Exhibit C.

Roads and Associated Roadway Improvements

Road improvements include the costs of Road Segments 1, 2, and 4. These costs include construction of the new Merriweather Drive (2,655 linear feet) running south from Little Patuxent Parkway and east to the upgraded Symphony Drive; upgrades to and

an extension of Symphony Drive, the north-south connector from Little Patuxent Parkway to Broken Land Parkway, inclusive of the jug handle connecting both Merriweather and Symphony Drive to U.S. Route 29; and, an extension of the existing Hickory Ridge (714 linear feet), which will connect Broken Land Parkway to the new Merriweather Drive. Costs also include all associated roadway improvements integrated into the roads such as water and sewer piping, treatment and storage of storm drain runoff from new public roads, control ponds, and storage as necessary, storm water facilities, and sidewalks, but excluding dry utilities. These new public roads will supplement the existing transportation network, provide more ingress and egress options, and facilitate traffic flow both for the new development as well as for existing downtown residents, workers and visitors, including those attending events at Merriweather Post Pavilion.

At-Grade Intersection Improvements

At-grade intersection improvements include the costs to improve five intersections: three located outside of the District and two adjacent to the District. The intersections of Governor Warfield and Twin Rivers and Broken Land Parkway and Twin Rivers are both located north of the District near the new Metropolitan project. The intersection of Little Patuxent Parkway and Swift Stream is located north east of the District. Two intersections are adjacent to the District and include the Little Patuxent Parkway and Merriweather Drive intersection north of the District and Broken Land Parkway and Hickory Ridge intersection to the west side of the project. The costs of these improvements include the expansion and realignment of these intersections and new signalization. These new intersection improvements will enhance both the existing and expanded roadway network, facilitating improved traffic flow both for the new development, as well as for existing downtown residents, workers and visitors, including those attending events at Merriweather Post Pavilion.

Wetland Restoration and Mitigation

Storm water roadway improvements include the costs as required by the Maryland Department of the Environment for wetland mitigation, stream valley restoration, forest restoration and erosion controls for the management and protection of current and proposed green spaces located in public easement areas throughout and adjacent to the development area resulting from the public roadway improvements. These improvements will restore, protect and maintain the natural environment and ecosystem in the permanently protected open spaces, mitigating the impacts from the public roadway network improvements in the Crescent area, specifically the road crossings through the three stream valleys for Merriweather Drive, Hickory Ridge Road, and the North-South Connector.

Public Parking Improvements

Public parking improvements include all supporting infrastructure necessary to facilitate access and operational capability, as well as costs of constructing new parking structures located in the south portion of the crescent parcel, pads 3-G, 3R1, and 3LR4. The new public parking garages are planned to include 2,545, 190, and 100 public spaces, respectively. It is recognized that some property will have its own private parking; however, all of the property will benefit from the availability of additional public parking. The property is planned to be an integrated community with the uses

complimentary, enhancing each of the uses with the whole. All of the property benefits from being in a mixed use development. The parking is necessary to create the mixed use development. As a result, all of the property benefits from the parking improvements.

The public improvements described above are all provided to meet the needs of the property in the District that results from the proposed use of the property. A map showing the proposed public improvements is attached hereto as Exhibit C.

Projected Issuance of Bonds

Three series of bonds (the “Bonds”) are anticipated to be issued by the County to finance approximately \$86.0 million of the costs of the public improvements described above. Bonds are anticipated to be supported by tax increment revenues and, if needed, special tax revenues. Bond proceeds will include the costs of constructing the improvements, a debt service reserve fund, issuance costs, and capitalized interest. Furthermore, interest income, to the extent available, on the bond proceeds will act as a supplement to the bond proceeds before they are fully expended. Table F below shows the estimated sources and uses of funds for the issuance of Bonds.

Table F
Sources and Uses of Funds

Sources of funds:	Series 1A	Series 1B	Series 1C	Total
Bond proceeds	\$13,907,000	\$67,030,000	\$32,716,000	\$113,653,000
Interest earned in the improvement fund	\$0	\$0	\$0	\$0
Total sources of funds	\$13,907,000	\$67,030,000	\$32,716,000	\$113,653,000
Total uses of funds:				
Public improvement costs	\$9,862,207	\$51,168,911	\$24,773,307	\$85,804,425
Issuance costs	\$600,000	\$350,000	\$350,000	\$1,300,000
Underwriter's discount	\$278,140	\$502,725	\$245,370	\$1,026,235
Capitalized interest	\$1,798,975	\$8,419,150	\$4,129,900	\$14,348,025
Reserve fund	\$1,367,438	\$6,588,563	\$3,216,188	\$11,172,188
Rounding	\$241	\$652	\$1,236	\$2,128
Total uses of funds	\$13,907,000	\$67,030,000	\$32,716,000	\$113,653,000

The actual issuance of the Bonds may vary from these estimates depending on the interest rate on the Bonds, the date the Bonds are issued, the cost of issuing the Bonds, reinvestment rates on bond proceeds, and other factors.

Bond issuance costs include legal fees, financial consulting fees, the cost of studies, the set-up and first year’s fee of the trustee, County expenses, document printing costs and other miscellaneous costs related to the issuance of the Bonds.

Capitalized interest on the Bonds fund the interest on the Bonds for up to twenty-four (24) months to allow time for the infrastructure improvements and other property in the District to be constructed, the property to be added to the property tax roll, and property taxes to be collected from the property and applied to the payment of the debt service on the Bonds.

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

Projected Debt Service and Administrative Expenses

Schedules showing projected debt service and administrative expenses are attached to this report as Exhibit D. Bonds are assumed to be issued and repaid over thirty (30) years.

The principal payments on the Bonds are structured such that debt service is increasing each year during the amortization period of the Bonds. The Bonds are assumed to be tax-exempt with an interest rate of six and one-quarter percent per year.

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

Determination of Special Taxes

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

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

Special Benefit

Property in the District will receive a special benefit from construction of the planned public improvements. The improvements to be funded will provide new roads, upgrade existing roadways, improve water and sewer infrastructure, improve storm water quality and improve key intersections specifically for the property in the District. The public parking garages are required for the high level of density development required by the *Downtown Columbia Plan*. Utilizing structured parking instead of surface parking allows more land to be used for development, increasing the value of the land. The property could not be developed as proposed without these public improvements. As a result, the property in the District subject to the special taxes receives a special benefit

from the public improvements to be provided as a result of the special taxes levied on the property.

The special benefit of the public improvements will be equal to or greater than the cost of the special taxes levied on the property. The value of special benefit is confirmed by two means. First, the owner of the property in the District has requested the County to impose special taxes on the property for the purpose of financing the public improvements. It is reasonable to believe the owner is acting in its interest and making this request because the benefit it receives from the public improvements exceeds the cost of the special taxes.

Second, the special taxes are being levied to provide improvements that are necessary for the highest and best use of the property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The six criteria for highest and best use are (i) reasonably probable, (ii) legally permissible, (iii) physically possible, (iv) appropriately supported, (v) financially feasible, and (vi) maximally productive.

The owner in the District has analyzed various options for the use of the property, taking into consideration the legally permitted uses, the physical constraints of the site, financial parameters and market demand. The owner is understandably interested in maximizing its return on the property. Based on this analysis, the highest and best uses of the property, including any costs required for those uses, are the proposed uses for the property. The proposed uses of the property will require construction of the public improvements provided by the District. Without these improvements, the property could not be put to its highest and best use.

The levy of Special Taxes is necessary to make tax increment bond financing available for the project. Special Taxes also facilitate financing for improvements that benefit multiple uses of the property. The interest on the Bonds is expected to be tax exempt, the Bonds will be long-term, are not required to be repaid upon transfer of property, and are non-recourse other than through the levy of Special Taxes. As a result of these and other advantageous terms, the financing provided by the District is the most beneficial means of financing the public improvements

In summary, the special taxes result in a special benefit to the property for the following reasons:

1. The public improvements to be funded with the proceeds of the Bonds for the benefit of the District are required for the highest and best use of the property;

2. The highest and best use of the property is the use of the property that is most valuable (including any costs associated with the use of the property);
3. The financing provided by the District is the most beneficial means of financing the improvements;
4. As a result, the special benefits to the property from the improvements to be provided by the District will be equal to or greater than the cost of the special taxes that will finance the improvements necessary to achieve the highest and best use of the property.

Special Taxes Required to Repay the Bonds

The Maximum Special Taxes are set each year in the amount required to secure repayment of the annual debt service on all series of Bonds supported solely by the Special Tax, which will be issued to fund the public improvements that provide a special benefit to the property subject to the Special Tax. The projected debt service supported by Special Taxes is shown on Exhibit D. The Maximum Special Tax Rate on each class of property is set such that the expected development will produce the revenues required to cover the expenses shown in Exhibit D, including appropriate debt service coverage.

The total amount of the Special Tax that must be levied from all units of developed property, once all of the Bonds are issued and all of the units are developed, is \$7,727,599 for fiscal year 2016-2017, as shown in Exhibit D. The Maximum Special Tax is set to equal this amount. Table G demonstrates that the Maximum Special Tax Rates as set on each unit for each property type yields the required Maximum Special Tax.

Table G
Maximum Special Tax by Property Class

Property Class	Projected Development (Units/1,000 BSF/Rooms)	Maximum Special Tax Per Unit/1,000 BSF/Room	Total Maximum Special Tax by Type
	<i>(Units)</i>	<i>(Per Unit)</i>	
Residential Rental A Property	1,649	\$1,634	\$2,694,298
Residential Rental B Property	75	\$1,046	\$78,427
Residential Rental C Property	90	\$245	\$22,058
Residential Rental D Property	77	\$850	\$65,421
	<i>(1,000s of BSF)</i>	<i>(Per 1,000 BSF)</i>	
Office Property	2,304	\$1,716	\$3,953,241
Retail Property	250	\$2,859	\$714,001
	<i>(Rooms)</i>	<i>(Per Room)</i>	
Hotel Property	250	\$801	\$200,153
Total			\$7,727,599

The annual debt service is scheduled to increase by two percent each year. As a result, the Maximum Special Tax must also increase by two percent each year.

The actual debt service on the Bonds may be less than estimated herein. The “Rate and Method of Apportionment of Special Taxes” provides for Special Taxes to be reduced based on the actual debt service on the Bonds, so that the amount of Special Tax actually collected does not exceed the amount necessary to repay the Bonds, replenish the debt service reserve fund on the Bonds, and to pay related administrative expenses.

The Maximum Special Taxes on all of the property in the District are set in a manner consistent with the requirements to secure repayment of the debt service on the Bonds that will be issued to finance the public improvements planned for the District plus administrative expenses and, therefore, is set in a reasonable manner.

Allocation of Special Taxes to Parcels

Special Taxes are allocated to parcels in the District in a manner to reasonably reflect the benefit property will receive from the improvements to be provided by the District. For purposes of estimating the benefit, taxable property is classified as either developed property or undeveloped property. Developed property is property that is, or is in the process of being, fully developed and, as a result, will be fully utilizing the improvements. Undeveloped property is property that has not been fully developed and, as a result, is not fully utilizing the improvements, but still receives a benefit by having the improvements available.

Developed Property

Developed property is further classified into one of nine property classes, defined as Residential Rental A Property, Residential Rental B Property, Residential Rental C Property, Residential Rental D Property, Residential For Sale A Property, Residential For Sale B Property, Office Property, Retail Property, or Hotel Property. The benefit received by each property is estimated on the basis of the estimated future value of the property. The purpose of the improvements to be provided within the District is to allow for the redevelopment of the property. Estimating the benefit properties will receive from the improvements on the basis of future estimated value is particularly appropriate for improvements intended to provide for the redevelopment of the property. One reason for the redevelopment is to increase the values of the property within the District.

Benefit for each class of property is represented by an equivalent unit factor. These factors are shown in Table H. The equivalent unit factors represent the relative future assessed value of the property within each property class. Exhibit E shows the methodology for estimating the assessed values by class.

Table H
Equivalent Unit Factors

Property Class	Property Description	Assessed Value by Classification	Equivalent Unit Factor	
Residential Rental A Property	MF - Market Rate	\$233,294	1.00	Per Unit
Residential Rental B Property	MF - 80% AMI	\$149,100	0.64	Per Unit
Residential Rental C Property	MF - 60% LIHTC	\$35,121	0.15	Per Unit
Residential Rental D Property	MF - 30% AMI	\$122,354	0.52	Per Unit
Residential For Sale A Property	Condo	\$406,195	1.74	Per Unit
Residential For Sale B Property	Townhomes	\$353,941	1.52	Per Unit
Office Property	Office	\$244,276	1.05	Per 1,000 BSF
Retail Property	Retail/Restaurant	\$408,074	1.75	Per 1,000 BSF
Hotel Property	Hotel	\$114,212	0.49	Per Room

Not all property classes are anticipated to be built during the first phases of development. The estimated total number of equivalent units created by new development in the District is shown by Table I.

Table I
Total Equivalent Units

Property Class	Equivalent Unit Factor	Proposed District Development	Total Equivalent Units
	<i>(Per Unit)</i>	<i>(Units)</i>	
Residential Rental A Property	1.00	1,649	1,649
Residential Rental B Property	0.64	75	48
Residential Rental C Property	0.15	90	14
Residential Rental D Property	0.52	77	40
Residential For Sale A Property	1.74	0	0
Residential For Sale B Property	1.52	0	0
	<i>(Per 1,000 BSF)</i>	<i>(1,000s of BSF)</i>	
Office Property	1.05	2,304.3	2,420
Retail Property	1.75	249.7	437
	<i>(Per Room)</i>	<i>(Rooms)</i>	
Hotel Property	0.49	250	123
Total			4,730

Table J below shows the derivation of the Special Tax per equivalent unit based on the total obligations of the District, as shown in Exhibit D, and the number of equivalent units as shown in Table I.

Table J
Maximum Special Tax
Per Equivalent Unit (2016-2017)

Total Special Tax Requirement	\$7,727,599
Total equivalent units	4,730
Maximum Special Tax per equivalent unit	\$1,634

Table K below shows the Maximum Special Tax for each class based on the special tax per equivalent unit shown in Table K and the equivalent unit factors shown in Table H. The Maximum Special Tax for each class is expected to increase by two percent each year.

Table K
Maximum Special Tax by Property Class

Property Class	Maximum Special Tax Per EU	Equivalent Unit Factor	Annual Maximum Special Taxes	Total Maximum Special Tax by Type
		<i>(Per Unit)</i>	<i>(Per Unit)</i>	
Residential Rental A Property	\$1,634	1.00	\$1,634	\$2,694,298
Residential Rental B Property	\$1,634	0.64	\$1,046	\$78,427
Residential Rental C Property	\$1,634	0.15	\$245	\$22,058
Residential Rental D Property	\$1,634	0.52	\$850	\$65,421
Residential For Sale A Property	\$1,634	1.74	\$2,843	\$0
Residential For Sale B Property	\$1,634	1.52	\$2,484	\$0
		<i>(Per 1,000 BSF)</i>	<i>(Per 1,000 BSF)</i>	
Office Property	\$1,634	1.05	\$1,716	\$3,953,241
Retail Property	\$1,634	1.75	\$2,859	\$714,001
		<i>(Per Room)</i>	<i>(Per Room)</i>	
Hotel Property	\$1,634	0.49	\$801	\$200,153

Adjusted Maximum Special Tax

Special Taxes may be collected from each parcel in the District only up to the Adjusted Maximum Special Tax for the parcel. The Adjusted Maximum Special Tax for each parcel is the lesser of (but not less than zero) (i) the Maximum Special Tax for such parcel and (ii) the Maximum Special Tax for such parcel less the tax increment revenues related to such parcel available to repay the Bonds. The tax increment revenues represent the increase in property taxes that result from the increased assessed value of the property over its original base value as determined by the tax increment financing act. The tax increment revenues will be applied to the repayment of the Bonds issued to finance the public improvements to be provided by the District. The tax increment revenues shall not include tax increment revenues set aside for the County pursuant to the Indenture of Trust. To the extent property produces tax increment revenues, and these revenues cover the debt service on the Bonds, the property is contributing its share of the cost of the

public improvements through these revenues. The Special Tax effectively covers each property's share of the cost of the public improvements not otherwise covered by the property's tax increment revenues.

Undeveloped Property

The special taxes allocated to undeveloped property are equal to the Maximum Special Tax for the District less the Maximum Special Tax on developed property. As shown by the tables above, Maximum Special Tax Rates are set for developed property on the basis of the total projected development in the District. Accordingly, the Maximum Special Tax on undeveloped property is based on the development expected to occur on the undeveloped property.

That is, the Maximum Special Tax on developed property is based on the development on the parcels of developed property. The balance of the development will occur on the parcels of undeveloped property. The balance of the Maximum Special Tax is also allocated to the parcels of undeveloped property. As a result, Maximum Special Taxes are fairly allocated between developed property and undeveloped property on the basis of the development expected to occur on property within each class.

Special Taxes are allocated to parcels of undeveloped property on the basis of the land area of each tax parcel. The development that may occur on a parcel of undeveloped property may not be known, as the uses can vary both by type and density. As a result, allocating special taxes to undeveloped property on the basis of net land area most fairly allocates the special taxes to parcels of undeveloped property.

Summary of Reasonable Basis of the Special Taxes

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

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

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

Exhibit A
Crescent Special Tax District
Parcel Map

Crescent Special Taxing District
Parcel Map and District Boundary

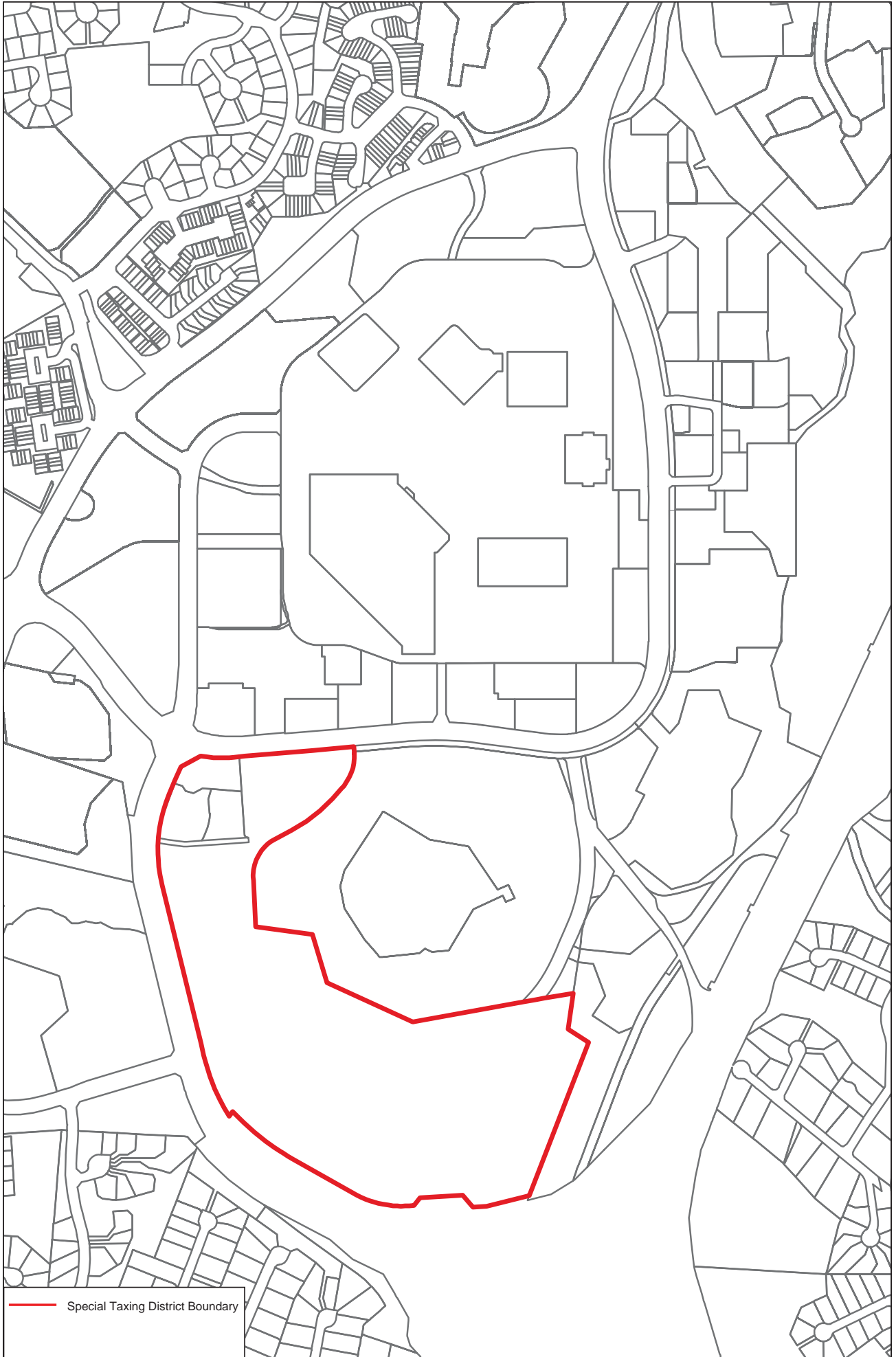


Exhibit B
Development Map

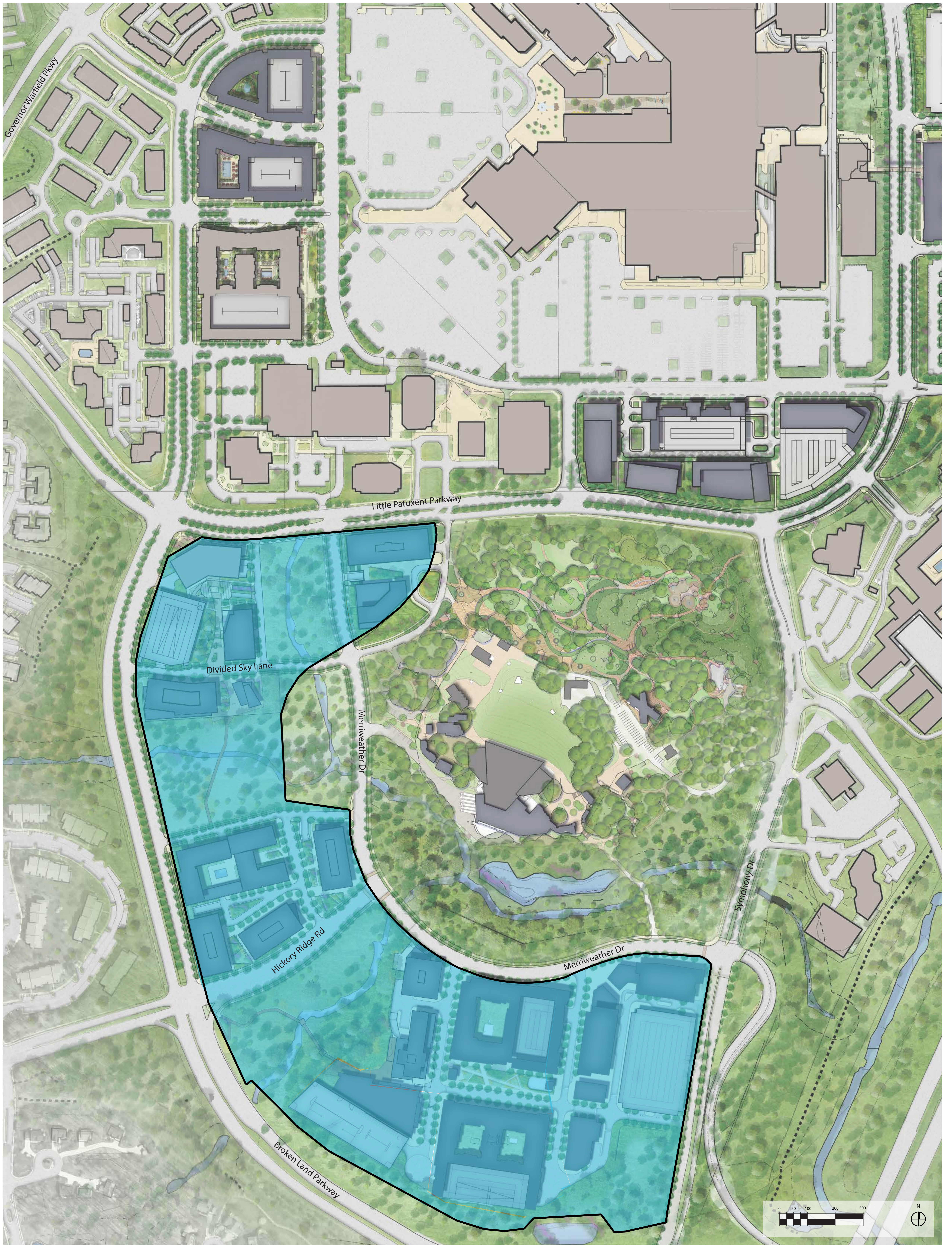


Exhibit C
Public Improvement Map



Exhibit D
Special Tax Obligation

Downtown Columbia
Howard County, Maryland

Exhibit D-1: Calculation of Maximum Special Taxes - Total Gross Annual Obligations

Tax Year	Bond Year	ST District #1A			ST District #1B			ST District #1C			Total Gross Obligations		
		Gross Debt Service ¹	District Operations ¹	Sub-Total Gross Annual Obligations	Gross Debt Service ¹	District Operations ¹	Total Gross Annual Obligations	Gross Debt Service ¹	District Operations ¹	Total Gross Annual Obligations	Gross Debt Service ¹	District Operations ¹	Total Gross Annual Obligations
1-Jul-16	15-Feb-17	\$869,188	\$30,000	\$899,188	\$0	\$0	\$0	\$0	\$0	\$0	\$869,188	\$30,000	\$899,188
1-Jul-17	15-Feb-18	\$869,188	\$30,600	\$899,788	\$4,189,375	\$20,000	\$4,209,375	\$0	\$0	\$0	\$5,058,563	\$50,600	\$5,109,163
1-Jul-18	15-Feb-19	\$915,188	\$31,212	\$946,400	\$4,189,375	\$20,400	\$4,209,775	\$0	\$0	\$0	\$5,104,563	\$51,612	\$5,156,175
1-Jul-19	15-Feb-20	\$928,313	\$31,836	\$960,149	\$4,409,375	\$20,808	\$4,430,183	\$2,044,750	\$20,000	\$2,064,750	\$7,382,438	\$72,644	\$7,455,082
1-Jul-20	15-Feb-21	\$942,438	\$32,473	\$974,910	\$4,475,625	\$21,224	\$4,496,849	\$2,044,750	\$20,400	\$2,065,150	\$7,462,813	\$74,097	\$7,536,910
1-Jul-21	15-Feb-22	\$956,438	\$33,122	\$989,560	\$4,541,875	\$21,649	\$4,563,524	\$2,151,750	\$20,808	\$2,172,558	\$7,650,063	\$75,579	\$7,725,642
1-Jul-22	15-Feb-23	\$971,250	\$33,785	\$1,005,035	\$4,610,813	\$22,082	\$4,632,894	\$2,184,063	\$21,224	\$2,205,287	\$7,766,125	\$77,091	\$7,843,216
1-Jul-23	15-Feb-24	\$985,750	\$34,461	\$1,020,211	\$4,679,938	\$22,523	\$4,702,461	\$2,216,938	\$21,649	\$2,238,586	\$7,882,625	\$78,632	\$7,961,257
1-Jul-24	15-Feb-25	\$999,875	\$35,150	\$1,035,025	\$4,749,875	\$22,974	\$4,772,849	\$2,250,188	\$22,082	\$2,272,269	\$7,999,938	\$80,205	\$8,080,143
1-Jul-25	15-Feb-26	\$1,015,563	\$35,853	\$1,051,415	\$4,821,188	\$23,433	\$4,844,621	\$2,283,625	\$22,523	\$2,306,148	\$8,120,375	\$81,809	\$8,202,184
1-Jul-26	15-Feb-27	\$1,030,625	\$36,570	\$1,067,195	\$4,893,375	\$23,902	\$4,917,277	\$2,318,063	\$22,974	\$2,341,036	\$8,242,063	\$83,445	\$8,325,508
1-Jul-27	15-Feb-28	\$1,046,000	\$37,301	\$1,083,301	\$4,966,938	\$24,380	\$4,991,317	\$2,353,250	\$23,433	\$2,376,683	\$8,366,188	\$85,114	\$8,451,302
1-Jul-28	15-Feb-29	\$1,061,563	\$38,047	\$1,099,610	\$5,041,313	\$24,867	\$5,066,180	\$2,388,938	\$23,902	\$2,412,839	\$8,491,813	\$86,817	\$8,578,629
1-Jul-29	15-Feb-30	\$1,077,188	\$38,808	\$1,115,996	\$5,116,938	\$25,365	\$5,142,302	\$2,423,875	\$24,380	\$2,448,255	\$8,618,000	\$88,553	\$8,706,553
1-Jul-30	15-Feb-31	\$1,093,750	\$39,584	\$1,133,334	\$5,193,188	\$25,872	\$5,219,060	\$2,460,875	\$24,867	\$2,485,742	\$8,747,813	\$90,324	\$8,838,136
1-Jul-31	15-Feb-32	\$1,110,063	\$40,376	\$1,150,439	\$5,271,438	\$26,390	\$5,297,827	\$2,497,563	\$25,365	\$2,522,927	\$8,879,063	\$92,130	\$8,971,193
1-Jul-32	15-Feb-33	\$1,127,000	\$41,184	\$1,168,184	\$5,350,938	\$26,917	\$5,377,855	\$2,534,688	\$25,872	\$2,560,560	\$9,012,625	\$93,973	\$9,106,598
1-Jul-33	15-Feb-34	\$1,143,375	\$42,007	\$1,185,382	\$5,430,938	\$27,456	\$5,458,393	\$2,572,938	\$26,390	\$2,599,327	\$9,147,250	\$95,853	\$9,243,103
1-Jul-34	15-Feb-35	\$1,161,063	\$42,847	\$1,203,910	\$5,512,688	\$28,005	\$5,540,692	\$2,611,938	\$26,917	\$2,638,855	\$9,285,688	\$97,770	\$9,383,457
1-Jul-35	15-Feb-36	\$1,177,813	\$43,704	\$1,221,517	\$5,595,313	\$28,565	\$5,623,877	\$2,650,313	\$27,456	\$2,677,768	\$9,423,438	\$99,725	\$9,523,162
1-Jul-36	15-Feb-37	\$1,195,500	\$44,578	\$1,240,078	\$5,678,938	\$29,136	\$5,708,074	\$2,690,750	\$28,005	\$2,718,755	\$9,565,188	\$101,719	\$9,666,907
1-Jul-37	15-Feb-38	\$1,213,875	\$45,470	\$1,259,345	\$5,763,625	\$29,719	\$5,793,344	\$2,730,750	\$28,565	\$2,759,315	\$9,708,250	\$103,754	\$9,812,004
1-Jul-38	15-Feb-39	\$1,231,688	\$46,379	\$1,278,067	\$5,850,375	\$30,313	\$5,880,688	\$2,771,938	\$29,136	\$2,801,074	\$9,854,000	\$105,829	\$9,959,829
1-Jul-39	15-Feb-40	\$1,250,750	\$47,307	\$1,298,057	\$5,938,063	\$30,920	\$5,968,982	\$2,813,813	\$29,719	\$2,843,531	\$10,002,625	\$107,946	\$10,110,571
1-Jul-40	15-Feb-41	\$1,268,750	\$48,253	\$1,317,003	\$6,027,563	\$31,538	\$6,059,100	\$2,855,875	\$30,313	\$2,886,188	\$10,152,188	\$110,104	\$10,262,292
1-Jul-41	15-Feb-42	\$1,288,500	\$49,218	\$1,337,718	\$6,117,625	\$32,169	\$6,149,794	\$2,898,625	\$30,920	\$2,929,545	\$10,304,750	\$112,307	\$10,417,057
1-Jul-42	15-Feb-43	\$1,307,625	\$50,203	\$1,357,828	\$6,209,000	\$32,812	\$6,241,812	\$2,941,500	\$31,538	\$2,973,038	\$10,458,125	\$114,553	\$10,572,678
1-Jul-43	15-Feb-44	\$1,326,875	\$51,207	\$1,378,082	\$6,302,313	\$33,468	\$6,335,781	\$2,985,938	\$32,169	\$3,018,106	\$10,615,125	\$116,844	\$10,731,969
1-Jul-44	15-Feb-45	\$1,346,938	\$52,231	\$1,399,168	\$6,397,063	\$34,138	\$6,431,200	\$3,031,250	\$32,812	\$3,064,062	\$10,775,250	\$119,181	\$10,894,431
1-Jul-45	15-Feb-46	\$1,367,438	\$53,275	\$1,420,713	\$6,492,688	\$34,820	\$6,527,508	\$3,076,750	\$33,468	\$3,110,218	\$10,936,875	\$121,564	\$11,058,439
1-Jul-46	15-Feb-47	\$0	\$0	\$0	\$6,588,563	\$35,517	\$6,624,079	\$3,122,750	\$34,138	\$3,156,888	\$9,711,313	\$69,655	\$9,780,967
1-Jul-47	15-Feb-48	\$0	\$0	\$0	\$0	\$0	\$0	\$3,169,500	\$34,820	\$3,204,320	\$3,169,500	\$34,820	\$3,204,320
1-Jul-48	15-Feb-49	\$0	\$0	\$0	\$0	\$0	\$0	\$3,216,188	\$35,517	\$3,251,704	\$3,216,188	\$35,517	\$3,251,704
Total		\$33,279,563	\$1,217,042	\$34,496,605	\$160,406,313	\$811,362	\$161,217,674	\$78,294,125	\$811,362	\$79,105,487	\$271,980,000	\$2,839,766	\$274,819,766

MuniCap, Inc.

18-Mar-16

Downtown Columbia
Howard County, Maryland

Exhibit D-2: Calculation of Maximum Special Taxes - Gross Debt Service Coverage

Maximum adjusted gross annual debt service	\$7,025,090
Required debt service coverage	110%
Maximum Special Tax A (2016 - 2017)	\$7,727,599

Tax Year Beginning	Bond Year Ending	Total Gross Annual Obligations ¹	Increase Factor	Adjusted Gross Annual Obligation	Maximum Special Tax A	Gross Debt Service Coverage
1-Jul-16	15-Feb-17	\$899,188	1.00	\$899,188	\$7,727,599	859%
1-Jul-17	15-Feb-18	\$5,109,163	1.02	\$5,008,983	\$7,882,151	154%
1-Jul-18	15-Feb-19	\$5,156,175	1.04	\$4,955,954	\$8,039,794	156%
1-Jul-19	15-Feb-20	\$7,455,082	1.06	\$7,025,090	\$8,200,590	110%
1-Jul-20	15-Feb-21	\$7,536,910	1.08	\$6,962,939	\$8,364,602	111%
1-Jul-21	15-Feb-22	\$7,725,642	1.10	\$6,997,352	\$8,531,894	110%
1-Jul-22	15-Feb-23	\$7,843,216	1.13	\$6,964,551	\$8,702,532	111%
1-Jul-23	15-Feb-24	\$7,961,257	1.15	\$6,930,754	\$8,876,582	111%
1-Jul-24	15-Feb-25	\$8,080,143	1.17	\$6,896,324	\$9,054,114	112%
1-Jul-25	15-Feb-26	\$8,202,184	1.20	\$6,863,221	\$9,235,196	113%
1-Jul-26	15-Feb-27	\$8,325,508	1.22	\$6,829,816	\$9,419,900	113%
1-Jul-27	15-Feb-28	\$8,451,302	1.24	\$6,797,070	\$9,608,298	114%
1-Jul-28	15-Feb-29	\$8,578,629	1.27	\$6,764,190	\$9,800,464	114%
1-Jul-29	15-Feb-30	\$8,706,553	1.29	\$6,730,449	\$9,996,473	115%
1-Jul-30	15-Feb-31	\$8,838,136	1.32	\$6,698,203	\$10,196,403	115%
1-Jul-31	15-Feb-32	\$8,971,193	1.35	\$6,665,729	\$10,400,331	116%
1-Jul-32	15-Feb-33	\$9,106,598	1.37	\$6,633,663	\$10,608,337	116%
1-Jul-33	15-Feb-34	\$9,243,103	1.40	\$6,601,078	\$10,820,504	117%
1-Jul-34	15-Feb-35	\$9,383,457	1.43	\$6,569,915	\$11,036,914	118%
1-Jul-35	15-Feb-36	\$9,523,162	1.46	\$6,536,992	\$11,257,653	118%
1-Jul-36	15-Feb-37	\$9,666,907	1.49	\$6,505,551	\$11,482,806	119%
1-Jul-37	15-Feb-38	\$9,812,004	1.52	\$6,473,723	\$11,712,462	119%
1-Jul-38	15-Feb-39	\$9,959,829	1.55	\$6,442,406	\$11,946,711	120%
1-Jul-39	15-Feb-40	\$10,110,571	1.58	\$6,411,678	\$12,185,645	121%
1-Jul-40	15-Feb-41	\$10,262,292	1.61	\$6,380,287	\$12,429,358	121%
1-Jul-41	15-Feb-42	\$10,417,057	1.64	\$6,349,518	\$12,677,945	122%
1-Jul-42	15-Feb-43	\$10,572,678	1.67	\$6,318,013	\$12,931,504	122%
1-Jul-43	15-Feb-44	\$10,731,969	1.71	\$6,287,453	\$13,190,134	123%
1-Jul-44	15-Feb-45	\$10,894,431	1.74	\$6,257,484	\$13,453,937	123%
1-Jul-45	15-Feb-46	\$11,058,439	1.78	\$6,227,143	\$13,723,016	124%
1-Jul-46	15-Feb-47	\$9,780,967	1.81	\$5,399,787	\$13,997,476	143%
1-Jul-47	15-Feb-48	\$3,204,320	1.85	\$1,734,326	\$14,277,426	446%
1-Jul-48	15-Feb-49	\$3,251,704	1.88	\$1,725,463	\$14,562,974	448%
Total		\$274,819,766			\$356,331,725	

MuniCap, Inc.

18-Mar-16

¹See Exhibit D-1.

Exhibit E
Assessed Value Methodology

Exhibit E-1
Projected Future Assessed Value

Property Class	Description	Crescent ST District, Phase I				Assessed Value			Equivalent Unit Factors
		Units	Avg. SF Per Unit	BSF	Rooms	Per Units	Per BSF	Per Room	
<i>Residential Rental Property</i>									<i>(per unit)</i>
Residential Rental A Property	Multi-Family Market Rate	705	1,125	792,958	-	\$233,294	\$207	-	1.000
Residential Rental B Property	Multi-Family 80% AMI	23	1,075	24,722	-	\$149,100	\$139	-	0.640
Residential Rental C Property	Multi-Family 60% LIHTC	0	920	0	-	\$35,121	\$38	-	0.150
Residential Rental D Property	Multi-Family 30% AMI	23	1,048	24,097	-	\$122,354	\$117	-	0.520
<i>For Sale Property</i>									<i>(per unit)</i>
Residential For Sale A Property	Condo	0	1,500	0	-	\$406,195	\$271	-	1.740
Residential For Sale B Property	Townhouse	0	1,500	0	-	\$353,941	\$236	-	1.520
									<i>(per 1,000 BSF)</i>
<i>Office Property</i>	Office	-	-	963,000	-	-	\$244	-	1.050
									<i>(per 1,000 BSF)</i>
<i>Retail Property</i>	Retail/Restaurant	-	-	210,731	-	-	\$408	-	1.750
									<i>(per room)</i>
<i>Hotel Property</i>	Hotel	-	-	-	0	-	\$173.15	\$114,212	0.490

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¹Provided by The Howard Research and Development Company.

²See Exhibits E-2(a) and E-2(b).

Exhibit E-2(a)
Comparison of Valuation Methods - Residential

Property Type	Comparables ²	Income Capitalization ³	Developer Estimated Sales Price ⁴
<u>Residential</u>			
<u>MF Rental - Market Rate</u>			
Per Unit	\$219,956	\$236,328	-
Per SF	<u>\$207.42</u>	\$210.11	-
<u>MF Rental - 80% AMI</u>			
Per Unit	\$149,100	\$151,039	-
Per SF	<u>\$138.72</u>	\$140.52	-
<u>MF Rental - 60% LIHTC</u>			
Per Unit	\$73,585	\$79,062	-
Per SF	\$84.83	\$85.94	-
PILOT Value (45%) ⁵	<u>\$38.18</u>		-
<u>MF Rental - 30% AMI</u>			
Per Unit	\$115,359	\$123,946	-
Per SF	<u>\$116.79</u>	\$118.30	-
<u>Condos</u>			
Market rate			
Per Unit	\$379,706	NA	\$900,000
Per SF	<u>\$270.80</u>	NA	\$600.00
<u>Townhome</u>			
Market rate			
Per Unit	\$438,245	NA	\$750,000
Per SF	<u>\$235.96</u>	NA	\$500.00

MuniCap, Inc.

¹Valuation approach chosen for each type of development is underlined and shown in bold and italics.

²See Exhibit E-3(a).

³See Exhibit E-4(a).

⁴Source: The Howard Research and Development Corporation.

⁵According to the Howard County Housing Commission, units subject to a PILOT pay approximately 45% of their County real estate taxes. PILOT percentage is based on previously executed LIHTC deals within the County.

Exhibit E-2(b)
Comparison of Valuation Methods - Commercial

Property Type	Comparables ²	Income Capitalization ³	Developer Estimated Sales Price ⁴
<u>Commercial</u>			
<u>Office</u>			
Per SF	<u>\$244.28</u>	\$267.30	-
<u>Retail</u>			
Per SF	<u>\$408.07</u>	\$497.44	-
<u>Restaurant</u>			
Per SF	<u>\$408.07</u>	\$497.44	-
<u>Hotel</u>			
Per SF	<u>\$173.15</u>	\$158.11	-
Per Room	<u>\$114,211.72</u>	\$94,865.06	-

MuniCap, Inc.

¹Valuation approach chosen for each type of development is underlined and shown in bold and italics.

²See Exhibit E-3(b).

³See Exhibits E-4(a) and E-4(b).

⁴Source: The Howard Research and Development Corporation.

Exhibit E-3(a)
Projected Assessed Value - Comparables (Residential)

Development Type	Address	City	Year Built	Parcel Number	Assessed Value ¹			Area			Assessed Value Per SF/Unit	
					Land	Building	Total	Gross SF	Units	SF/Unit	Per SF	Per Unit
Apartments												
Residences at Arundel Preserves Flats 170	Milestone Parkway	Hanover	2011	04 90231749	\$5,902,400	\$49,639,900	\$55,542,300	233,546	242	965	\$238	\$229,514
Haven at Odenton Gateway	8305 Telegraph Road	Odenton	2013	04 90062382	\$18,450,000	\$46,550,000	\$65,000,000	385,578	369	1,045	\$169	\$176,152
Crosswinds at Annapolis Town Centre	615 Carlton Otto Lane	Odenton	2012	04 52090233379	\$12,600,000	\$41,667,300	\$54,267,300	311,870	252	1,238	\$174	\$215,346
	1903 Towne Centre Boulevard	Annapolis	2013	02 1090235153	\$10,750,000	\$44,894,200	\$55,644,200	223,239	215	1,038	\$249	\$258,810
Sub-total apartments					\$47,702,400	\$182,751,400	\$230,453,800	1,154,233	1,078	1,071	<u>\$207</u>	\$219,956
Condos												
Condos	1220 Blair Mill Road Unit #504	Silver Spring	2006	13 03553231	\$84,000	\$196,000	\$280,000	-	-	1,020	\$275	\$280,000
Condos	930 Wayne Avenue Unit #510	Silver Spring	2006	13 03579235	\$94,500	\$220,500	\$315,000	-	-	1,227	\$257	\$315,000
Condos	930 Wayne Avenue Unit #509	Silver Spring	2006	13 03579224	\$94,500	\$220,500	\$315,000	-	-	1,271	\$248	\$315,000
Condos	15000 Pennfield Court Unit 406	Silver Spring	2013	13 03732781	\$123,000	\$287,000	\$410,000	-	-	1,319	\$311	\$410,000
Condos	15000 Pennfield Court Unit 204	Silver Spring	2013	13 03732520	\$148,500	\$346,500	\$495,000	-	-	1,574	\$314	\$495,000
Condos	15000 Pennfield Court Unit 401	Silver Spring	2013	13 03732735	\$148,500	\$346,500	\$495,000	-	-	1,563	\$317	\$495,000
Condos	15000 Pennfield Court Unit 301	Silver Spring	2013	13 03732611	\$148,500	\$346,500	\$495,000	-	-	1,563	\$317	\$495,000
Condos	930 Wayne Avenue Unit #809	Silver Spring	2006	13 03579554	\$99,000	\$231,000	\$330,000	-	-	1,271	\$260	\$330,000
Condos	10205 Wincopin Circle	Columbia	2005	15-138017	\$68,000	\$272,000	\$340,000	-	-	1,649	\$206	\$340,000
Condos	930 Wayne Avenue Unit #1109	Silver Spring	2006	13 03579884	\$103,500	\$241,500	\$345,000	-	-	1,271	\$271	\$345,000
Condos	930 Wayne Avenue Unit #1105	Silver Spring	2006	13 03579840	\$103,500	\$241,500	\$345,000	-	-	1,268	\$272	\$345,000
Condos	930 Wayne Avenue Unit #1410	Silver Spring	2006	13 03580223	\$108,000	\$252,000	\$360,000	-	-	1,227	\$293	\$360,000
Condos	930 Wayne Avenue Unit #1405	Silver Spring	2006	13 03580176	\$108,000	\$252,000	\$360,000	-	-	1,268	\$284	\$360,000
Condos	10205 Wincopin Circle	Columbia	2005	15-138149	\$74,000	\$296,000	\$370,000	-	-	1,649	\$224	\$370,000
Condos	1220 Blair Mill Road Unit #1405	Silver Spring	2006	13 03554086	\$120,000	\$280,000	\$400,000	-	-	1,590	\$252	\$400,000
Condos	1220 Blair Mill Road Unit #905	Silver Spring	2006	13 03553685	\$120,000	\$280,000	\$400,000	-	-	1,590	\$252	\$400,000
Condos	1220 Blair Mill Road Unit #505	Silver Spring	2006	13 03553242	\$120,000	\$280,000	\$400,000	-	-	1,590	\$252	\$400,000
Sub-total condos					\$1,865,500	\$4,589,500	\$6,455,000			1,406	<u>\$271</u>	\$379,706
Townhomes												
Townhomes	5959 Charles Crossing	Ellicott City	2013	01-323008	\$142,500	\$317,100	\$459,600	-	-	2,000	\$230	\$459,600
Townhomes	5916 Charles Crossing	Ellicott City	2011	01-318438	\$142,500	\$292,200	\$434,700	-	-	2,036	\$214	\$434,700
Townhomes	5921 Charles Crossing	Ellicott City	2011	01-315463	\$142,500	\$214,500	\$357,000	-	-	1,616	\$221	\$357,000
Townhomes	5975 Charles Crossing	Ellicott City	2014	01-323075	\$142,500	\$314,200	\$456,700	-	-	2,000	\$228	\$456,700
Townhomes	6003 Charles Crossing	Ellicott City	2014	01-323466	\$142,500	\$332,900	\$475,400	-	-	2,000	\$238	\$475,400
Shipley's Grant	5907 Talbot Drive	Ellicott City	2012	01-318780	\$146,200	\$395,500	\$541,700	-	-	2,374	\$228	\$541,700
Shipley's Grant	5912 Talbot Drive	Ellicott City	2012	01-318373	\$142,500	\$259,000	\$401,500	-	-	1,672	\$240	\$401,500
Shipley's Grant	5922 Talbot Drive	Ellicott City	2012	01-318330	\$146,200	\$261,100	\$407,300	-	-	1,672	\$244	\$407,300
Shipley's Grant	5928 Talbot Drive	Ellicott City	2012	01-318314	\$146,200	\$265,400	\$411,600	-	-	1,672	\$246	\$411,600
Shipley's Grant	5910 Talbot Drive	Ellicott City	2012	01-318381	\$146,200	\$265,400	\$411,600	-	-	1,672	\$246	\$411,600
Shipley's Grant	5936 Talbot Drive	Ellicott City	2012	01-318284	\$142,500	\$321,100	\$463,600	-	-	1,776	\$261	\$463,600
Sub-total townhomes					\$1,582,300	\$3,238,400	\$4,820,700			1,863	<u>\$236</u>	\$438,245

¹Assessed values based on information provided by Maryland State Department of Assessments and Taxation. Values used on Exhibit E-2(a) are shown in bold, italics, and underlined.

Exhibit E-3(b)
Projected Assessed Value - Comparables (Commercial)

Development Type	Address	City	Year Built	Parcel Number	Assessed Value ¹			Area		Assessed Value	
					Land	Building	Total	SF	Rooms	Per SF	Per Room
Office											
Johns Hopkins APL	11101 Johns Hopkins Road	Laurel	2012	5371767	\$6,713,500	\$44,035,400	\$50,748,900	211,144	-	\$240	-
Maple Lawn Office	8160 Maple Lawn Boulevard	Fulton	2012	5443016	\$1,221,500	\$20,566,300	\$21,787,800	104,796	-	\$208	-
National Business Park	322 Sentinel Way	Annapolis Jct	2009	04 49990220569	\$7,247,800	\$27,617,200	\$34,865,000	135,000	-	\$258	-
National Business Park	318 Sentinel Way	Annapolis Jct	2007	04 499 90218043	\$4,371,000	\$30,859,400	\$35,230,400	130,200	-	\$271	-
Sub-total					\$19,553,800	\$123,078,300	\$142,632,100	581,140		<u>\$244</u>	
Retail/Restaurant											
Whole Foods ³	11355 Woodglen Drive	Rockville	2011	04 03686318	\$2,763,900	\$19,874,500	\$22,638,400	53,581	-	\$423	-
Wal-Mart/Retail/Office ³	8606 Westwood Center Drive	Vienna	2013	0293 34 0001	\$11,839,170	\$48,896,210	\$60,735,380	177,572	-	\$342	-
Crown Retail	303 Copley Place	Gaithersburg	2013	09 03702341	\$1,074,700	\$2,462,300	\$3,537,000	7,967	-	\$444	-
Crown Retail	323 Copley Place	Gaithersburg	2013	09 03702352	\$8,224,100	\$8,768,600	\$16,992,700	55,818	-	\$304	-
Annapolis Town Center - ground floor retail	1905 Towne Centre Boulevard	Annapolis	2008	02 010 90228913	\$4,728,000	\$18,013,400	\$22,741,400	53,037	-	\$429	-
Annapolis Town Center - ground floor retail	1915 Towne Centre Boulevard	Annapolis	2008	02 010 90227609	\$1,200,000	\$19,725,900	\$20,925,900	48,803	-	\$429	-
Annapolis Town Center - ground floor retail	1910 Towne Centre Boulevard	Annapolis	2009	02 010 90228914	\$7,283,000	\$26,639,100	\$33,922,100	84,175	-	\$403	-
Bertucci's	9081 Snowden River Parkway	Columbia	1993	06539297	\$2,432,400	\$1,135,900	\$3,568,300	7,597	-	\$470	-
Red Lobster	9011 Snowden Square Drive	Columbia	1995	06539343	\$2,236,000	\$827,900	\$3,063,900	8,670	-	\$353	-
Lonestar Steakhouse	8900 Stanford Boulevard	Columbia	1996	16191167	\$1,555,000	\$1,153,600	\$2,708,600	6,830	-	\$397	-
Cheesecake Factory, Unos, Champs, PF Chang ²	Mall at Columbia	Columbia	2001	-	-	-	-	32,753	-	\$444	-
Sub-total					\$43,336,270	\$147,497,410	\$190,833,680	536,803		<u>\$408</u>	
Hotel/Conference Center											
Residence Inn Columbia	4950 Beaver Run	Ellicott City	1998	02-389568	\$1,572,500	\$8,766,800	\$10,339,300	73,800	108	\$140	\$95,734
Hampton Inn & Suites Columbia/South	7045 Minstrel Way	Columbia	2013	16-218324	\$1,156,500	\$8,980,500	\$10,137,000	67,016	124	\$151	\$81,750
Marriott BWI	1743 W Nursery Road	Linthicum	1988	05-000-90046373	\$5,381,600	\$29,895,000	\$35,276,600	221,656	309	\$159	\$114,164
Hilton Garden Inn	8241 SE Snowden River Parkway	Columbia	2003	16-21410	\$1,050,600	\$8,230,900	\$9,281,500	57,968	98	\$160	\$94,709
SpringHill Suites Columbia	7055 Minstrel Way	Columbia	2009	16-218316	\$882,000	\$11,925,300	\$12,807,300	66,228	117	\$193	\$109,464
Hotel at Arundel Preserve	7795 Arundel Mills Boulevard	Hanover	2011	04-000-90231748	\$812,200	\$27,484,200	\$28,296,400	140,000	150	\$202	\$188,643
Westin BWI	1110 Old Elkridge Landing	Linthicum	2007	05-000-900050327	\$7,074,600	\$22,830,100	\$29,904,700	145,226	260	\$206	\$115,018
Sub-total					\$17,930,000	\$118,112,800	\$136,042,800	771,894		<u>\$173</u>	<u>\$114,212</u>

MuniCap, Inc.

¹Assessed values based on information provided by Maryland State Department of Assessments and Taxation. Values used on Exhibit E-2(b) are shown in bold, italics, and underlined.

²Represents the approximate assessed value of four restaurants as provided by Howard County Office of the Maryland State Department of Assessments and Taxation. Restaurants are part of larger mall parcel and values need to be extracted from overall value.

³Excluded from average value per square feet.

Exhibit E-4(a)
Projected Assessed Value - Income Capitalization (Apartments, Office and Retail/Restaurant)

	Multi-Family Rental				Office	Retail/Restaurant
	Market Rate	80% AMI ⁴	60% LIHTC ⁴	30% AMI ⁴		
Monthly rent per square foot	\$2.30	\$2.19	\$1.55	\$1.93		
Annual rent per square foot ¹	\$27.57	\$26.30	\$18.60	\$23.17	\$34.00	\$55.00
Net square feet per unit	877	838	718	817		
Monthly rent per unit ¹	\$2,015	\$1,837	\$1,113	\$1,577		
Annual rent per unit	\$24,175	\$22,040	\$13,356	\$18,929		
Occupancy ¹	90%	90%	90%	90%	95%	95%
Effective rent per square foot	\$24.81	\$23.67	\$16.74	\$20.85	\$32.30	\$52.25
Effective rent per unit	\$21,758	\$19,836	\$12,020	\$17,036		
Expense ratio ¹	23.6%	24.8%	35.0%	28.1%	29%	8%
Expenses	(\$5,139.22)	(\$4,910.68)	(\$4,207.48)	(\$4,787.62)	(\$9.28)	(\$11.50)
Net operating income per square foot	\$18.95	\$17.81	\$10.88	\$14.99	\$23.02	\$40.75
Net operating income per unit	\$16,619	\$14,926	\$7,813	\$12,248		
Capitalization rate ²	5.650%	8.500%	8.500%	8.500%	7.230%	6.810%
Tax rate ³	1.382%	1.382%	1.382%	1.382%	1.382%	1.382%
Fully loaded capitalization rate	7.032%	9.882%	9.882%	9.882%	8.612%	8.192%
Value per net square foot	\$269.47	\$180.24	\$110.11	\$151.71	\$267.30	\$497.44
Value per unit	\$236,328	\$151,039	\$79,062	\$123,946		
Value per gross square foot	\$210.11	\$140.52	\$85.94	\$118.30		

MuniCap, Inc.

¹NOI assumptions based on information provided by The Howard Research and Development Corporation and reviewed with Maryland State Department of Assessments and Taxation.

²Represents the average overall capitalization rate for the national apartment market, retail strip shopping center market, and suburban Maryland office market, as provided in the PwC Real Estate Investor Survey for Third Quarter 2015. Capitalization rates reviewed with Maryland State Department of Assessments and Taxation.

³Includes the fiscal year 2016 Howard County (\$1.014), Maryland State (\$0.112), fire tax (\$0.176) and ad valorem (\$0.08) tax rate.

⁴Subsidized unit rents are based on maximum rents as provided by the Howard County Housing Commission. Rent from 30% AMI units are anticipated to be further subsidized with vouchers. Actual rent after vouchers is anticipated to be lower than 80% and 40-60% AMI rents. Assessor will take into account gross rent before vouchers. As a result, 30% rents are shown as higher than 40-60% rent limits. 80% AMI rents shown represent Howard County AMI. Rents for 40 60% and 30% AMI levels are based on Baltimore MSA.

Exhibit E-4(a), continued
Projected Assessed Value - Income Capitalization (Hotel)

	Limited Service Hotel
<i>Income Capitalization</i>	
Average daily rate per room ¹	\$109.73
Gross annual income	\$20,532.00
Assumed occupancy ¹	67.8%
<hr/>	
Effective gross income per room	\$13,920.70
Assumed expense ratio ²	39%
Less: assumed expenses	(\$5,399.92)
<hr/>	
Net operating income per room	\$8,520.78
Capitalization rate ¹	7.60%
Tax rate ³	1.382%
<hr/>	
Fully loaded capitalization rate	8.98%
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Total estimated value per room	\$94,865.06

MuniCap, Inc.

¹Represents the ADR, occupancy, and average overall capitalization rate for the full service hotel as provided in the *PwC Real Estate Investor Survey for Third Quarter 2015*.

²Represents the room operating expenses as a percentage of per room sales as reported in the *2014 HOST Almanac*, an annual publication of STR Analytics, a division of STR, Inc.

³Includes the fiscal year 2016 Howard County (\$1.014), Maryland State (\$0.112), fire tax (\$0.176) and ad valorem (\$0.08) tax rate.

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been passed by the yeas and nays of two-thirds of the members of the Council notwithstanding the objections of the Executive, stands enacted on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having received neither the approval nor the disapproval of the Executive within ten days of its presentation, stands enacted on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, not having been considered on final reading within the time required by Charter, stands failed for want of consideration on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been disapproved by the Executive and having failed on passage upon consideration by the Council stands failed on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, the withdrawal of which received a vote of two-thirds (2/3) of the members of the Council, is withdrawn from further consideration on _____, 2016.

Jessica Feldmark, Administrator to the County Council