

CB-14-2014

EXHIBIT C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

**PRINCE GEORGE'S COUNTY, MARYLAND
CALVERT TRACT SPECIAL TAXING DISTRICT**

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

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6
7 A Special Tax is hereby levied and shall be collected in the Calvert Tract Special Taxing District
8 (the "District") each Fiscal Year, beginning with the 2014-2015 Fiscal Year and continuing until
9 the year provided for in Section F hereof. All of the real property and personal property in the
10 District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to
11 the extent and in the manner herein provided.

12
13 **A. DEFINITIONS**

14
15 The terms used herein shall have the following meanings:

16
17 "Act" means Section 10-269 of the Prince George's County Code, as amended, and Sections 21-
18 501 through 21-516, inclusive, and Section 21-523 of the Local Government Article of the
19 Annotated Code of Maryland, as amended.

20
21 "Administrative Expenses" means any or all of the following: the costs and expenses of the
22 County incurred in connection with the discharge of its duties; the costs and expenses of the
23 County in carrying out its duties under the Indenture of Trust, including, but not limited to,
24 calculating, levying and collecting the Special Tax (whether collected by the County or
25 otherwise) and complying with arbitrage rebate requirements and obligated persons disclosure
26 requirements associated with applicable federal and state securities law, including an allocable
27 share of the salaries of the County staff directly related to the administration of the District and a
28 proportionate amount of County general administration overhead related thereto, and the out-of-
29 pocket costs and expenses of the County for any professionals retained by the County to provide
30 services for such purposes; any amounts required to be rebated by the United States of America
31 to comply with the arbitrage rebate requirements applicable to the Bonds, including payment in
32 lieu of rebate; fees payable for any bond insurance or other financial guaranty or credit
33 enhancement with respect to any Bonds or under any Indenture of Trust, including, without
34 limitation, any credit facility for any reserve fund; any unpaid cost or expense of the County,
35 including, without limitation, fees and expenses of legal counsel and any professionals retained
36 by the County, for which the County is entitled to indemnification pursuant to a development
37 agreement or other agreements relating to the District incurred in connection with the defense by
38 the County or the bringing by the County of any claim, demand, suit or cause of action relating
39 to the issuance of any Bonds, the establishment of the District, the levy or collection of Special
40 Tax or any other matters related thereto; any fees, expenses or costs included in the definition of
41 Administrative Expenses set forth in the Indenture of Trust and not specifically included herein;
42 all other costs and expenses of the County, the Trustee, and the Administrator incurred in
43 connection with the discharge of their respective duties, including legal fees and expenses
44 associated with such duties, and, in the case of the County, in any way related to the
45 administration of the District.

1
2 **“Administrator”** means the designee of the County for purposes of estimating the Special Real
3 Property Tax to be collected each Fiscal Year and for providing other services as required by the
4 Indenture of Trust or designated by the County.

5
6 **“Apartment Property”** means buildings containing three or more rental dwelling units that is
7 part of a residential planned and managed development for rent and under common management,
8 including any ancillary uses thereto (that is, property generally known as apartments). The
9 Special Tax for Apartment Property is to be prepaid prior to the issuance of Bonds as described
10 in the Special Tax Report. As a result, Special Taxes are not to be collected from Apartment
11 Property.

12
13 **“Bond Year”** shall have the meaning given to such term in the Indenture of Trust.

14
15 **“Bonds”** means any bonds or other debt, including refunding bonds, whether in one or more
16 series, issued by the County relating to the District pursuant to the Act and secured by the
17 Special Taxes.

18
19 **“Building Square Footage” or “BSF”** means the actual, or for property not yet developed, the
20 estimated, building area either rented or directly used in the production of income (not including
21 area within a parking garage) as shown on the building permit, architectural plans or other
22 available documents, as estimated by the Administrator.

23
24 **“Commercial Property”** means any Taxable Property not classified as Residential Property,
25 Apartment Property, or Hotel Property for which an occupancy permit has been issued.

26
27 **“County”** means Prince George's County, Maryland.

28
29 **“County Executive”** means the County Executive of the County.

30
31 **“Date of Classification”** means the date each year determined by the Director of Finance to
32 classify property for purposes of determining the Special Real Property Tax for each Parcel.

33
34 **“Director of Finance”** means the Director of Finance of the County.

35
36 **“Equivalent Units”** means

37

<u>38</u> Residential Property	3.82 per dwelling unit
<u>39</u> Commercial Property	2.05 per 1,000 BSF
<u>40</u> Hotel Property	1.00 per guest room
<u>41</u> Apartment Property	0.00 per dwelling unit

42

43 **“Fiscal Year”** means the period starting any July 1 and ending on the following June 30 or such
44 other twelve month period as is established as the fiscal year by the County.

45
46 **“Hotel Occupancy Revenues”** means the revenues produced by Hotel Property subject to the

1 County's hotel occupancy tax.

2
3 **“Hotel Property”** means Parcels of Taxable Property for which an occupancy permit has been
4 issued for purposes of occupying a building that contains six or more guest rooms or suite of
5 guest rooms in which living and sleeping accommodations are provided for one or more paying
6 visitor(s) and where temporary lodging is provided for compensation.

7
8 **“Indenture of Trust”** means the indenture of trust relating to the Bonds, as modified, amended
9 and/or supplemented from time to time.

10
11 **“Owner Association Property”** means, for any Fiscal Year, any real property within the
12 boundaries of the District that is owned by or irrevocably offered for dedication to a property
13 owner's association and available for use in common by the property owners; provided, however,
14 that real property that has been irrevocably offered for dedication includes only those Parcels for
15 which a copy of the offer has been provided to the Administrator.

16
17 **“Parcel”** means a lot or parcel of real property within the District with a parcel number assigned
18 by the Supervisor.

19
20 **“Public Property”** means property within the boundaries of the District owned by, or
21 irrevocably offered for dedication (in a plat map approved by the County or otherwise) to the
22 federal government, State of Maryland, the County, or other public agency or instrumentality or
23 easements for the exclusive use of a public utility provider; provided, however, that exclusive
24 use utility easements and real property that has been irrevocably dedicated includes only those
25 parcels or portions of parcels for which a copy of the easement or offer has been provided to the
26 Administrator.

27
28 **“Residential Property”** means Parcels of Taxable Property for which an occupancy permit has
29 been issued for purposes of occupying a residential dwelling unit not classified as Apartment
30 Property.

31
32 **“Special Hotel Occupancy Tax”** or **“SHOT”** means the Special Hotel Occupancy Tax to be
33 collected pursuant to Sections B.2 and C herein.

34
35 **“Special Hotel Occupancy Tax Rate”** or **“SHOT Rate”** means the rate provided for in Section
36 B.2.

37
38 **“Special Real Property Tax”** means the Special Tax that is to be collected by the County each
39 Fiscal Year pursuant to Sections B.1 and C herein.

40
41 **“Special Real Property Tax Rates”** mean the rates provided for in Section B.1.

42
43 **“Special Tax”** means either the Special Hotel Occupancy Tax or the Special Real Property Tax.

44
45 **“Special Tax Report”** means the report by that name prepared to explain the reasonable basis of
46 the Special Taxes.

1
2 “Supervisor” means the Supervisor of Assessments for the County.

3
4 “Taxable Property” means any Parcel that is not Public Property or Owner Association
5 Property.

6
7 “Termination Date” means the last Fiscal Year in which Special Taxes have been levied and
8 may be collected as provided for in Section F herein.

9
10 “Trustee” means the trustee appointed by the County to carry out the duties of the Trustee
11 specified in the Indenture of Trust.

12
13 **B. SPECIAL TAX RATES**

14
15 1. Special Real Property Tax Rates

16
17 The Special Real Property Tax Rates for each Fiscal Year until the Termination Date shall be as
18 shown by Table A.

19
20 **TABLE A**
21 **Special Real Property Tax Rates**
22

Land Use Class	Special Real Property Tax Rate	
Apartment Property	\$0	Per dwelling unit
Hotel Property	\$0	Per guest room
Residential Property	\$1,199	Per dwelling unit
Commercial Property	\$0.64	Per BSF

23
24 2. Special Hotel Occupancy Tax Rates

25
26 The Special Hotel Occupancy Tax Rates for each Fiscal Year until the Termination Date shall be
27 5.0% of Hotel Occupancy Revenues.

28
29 **C. COLLECTION OF THE SPECIAL TAX**

30
31 Special Taxes have been levied each Fiscal Year, beginning with the 2014-2015 Fiscal Year and
32 continuing through the Termination Date. The Special Tax shall be collected each Fiscal Year as
33 provided for below.

34
35 1. Assignment to Land Use Categories

36
37 For each Fiscal Year, each Parcel shall be classified as Public Property, Owner Association
38 Property, or Taxable Property. Each Parcel of Taxable Property shall be classified as Apartment
39 Property, Residential Property, Commercial Property, or Hotel Property. Each classification
40 shall be made on the basis of the classification that most nearly matches the property being

1 classified. The classification of Parcels shall be made based on the status of each Parcel as of the
2 Date of Classification.

3
4 2. Collection of the Special Tax

5
6 a. Special Real Property Tax

7
8 Commencing with Fiscal Year 2014-2015 and for each following Fiscal Year through the
9 Termination Date, the Special Real Property Tax shall be collected from each Parcel of
10 Residential Property and Commercial Property in an amount equal to the product of the Special
11 Real Property Tax Rates for each class of property and the number of dwelling units or Building
12 Square Footage that may be built on such Parcel.

13
14 The Administrator shall provide an estimate to the County prior to each Fiscal Year of the
15 amount of the Special Real Property Tax to be collected from each Parcel in accordance with the
16 provisions of this section.

17
18 b. Special Hotel Occupancy Tax

19
20 Commencing with Fiscal Year 2014-2015 and for each following Fiscal Year through the
21 Termination Date, the Special Hotel Occupancy Tax shall be collected from each Parcel of Hotel
22 Property in an amount equal to the product of the Hotel Occupancy Revenues of the Parcel of
23 Hotel Property for that Fiscal Year and the Special Hotel Occupancy Tax Rate.

24
25 3. Circumstances Under Which the Special Tax May be Increased as a Result of a Default
26 The circumstances under which the Special Tax to be collected on any Parcel may be increased
27 as a result of a default in the payment of the Special Tax to be collected on any other Parcel is
28 limited to an extension of the Termination Date. That is, if Special Taxes are not collected from
29 a Parcel, the Termination Date may be delayed, and Special Taxes may be collected from other
30 Parcels during that delay.

31
32 **D. EXEMPTIONS**

33
34 A Special Tax shall not be collected from Public Property, Owner Association Property,
35 Apartment Property, or personal property.

36
37 **E. MANNER OF COLLECTION**

38
39 1. Special Real Property Tax

40
41 The Special Real Property Tax shall be collected in the same manner and at the same time as
42 ordinary real property taxes; provided, however, the Special Real Property Tax may be collected
43 at a different time or in a different manner as determined by the Director of Finance, provided
44 that such time or manner is not inconsistent with the provisions of the Indenture of Trust. The
45 Special Real Property Tax shall be secured in the same manner as general ad valorem taxes and
46 shall be subject to the same penalties and the same procedure, sale and lien priority in case of

1 delinquency as is provided for general ad valorem taxes.

2
3 2. Special Hotel Occupancy Tax

4
5 The SHOT shall be collected in the same manner and at the same time as ordinary hotel
6 occupancy taxes of the County; provided, however, the SHOT may be collected at a different
7 time or in a different manner as determined by the Director of Finance, provided that such time
8 or manner is not inconsistent with the provisions of the Indenture of Trust. The SHOT shall be
9 secured in the same manner as ordinary hotel occupancy taxes and shall be subject to the same
10 penalties and enforcement procedures in case of a delinquency as is provided for County hotel
11 occupancy taxes.

12
13 F. TERMINATION OF SPECIAL TAX

14
15 The Special Tax shall terminate (the "Termination Date") at the earlier of (i) the date on which
16 all Bonds secured by the Special Taxes have been fully repaid and all Administrative Expenses
17 have been paid, (ii) the thirtieth (30th) Fiscal Year in which such Parcel was taxed, and (iii) such
18 time provided for by the Indenture of Trust. Except for any delinquent Special Taxes and related
19 penalties and interest, Special Taxes shall not be collected from any Parcel after the Termination
20 Date.

21
22 G. REDUCTION IN THE SPECIAL TAX RATES

23
24 The Special Tax rates may be reduced by the Director of Finance to lower rates if the Director of
25 Finance determines that such lower rates will be sufficient to fully repay the Bonds and pay any
26 Administrative Expenses in a period of less than thirty years if such reduction is permitted by the
27 Indenture of Trust. The Director of Finance shall make any reduction in writing and shall
28 provide a copy of such reduction to the Administrator and the Trustee.

29
30 H. APPEALS OF THE SPECIAL TAX

31
32 Any property owner claiming that the amount or application of the Special Tax is not correct and
33 requesting a refund may file a written notice of appeal and refund to that effect with the Director
34 of Finance not later than one calendar year after the beginning of the tax year (i.e., July 1) for the
35 Special Tax that is disputed. Such appeal may not affect the due date of the payment of the
36 Special Tax. The Director of Finance, or the designee of the Director of Finance, shall promptly
37 review all information supplied by the appellant in support of the appeal and, if necessary, meet
38 with the property owner, and decide the appeal. If the decision of the Director of Finance
39 requires the Special Tax to be modified or changed in favor of the property owner, a cash refund
40 shall not be made (except for the last year of levy or unless sufficient funds will otherwise be
41 available to pay debt service on the Bonds and to pay Administrative Expenses), but an
42 adjustment shall be made to the levy of the Special Tax on the Parcel in the subsequent Fiscal
43 Year. The decision of the Director of Finance may be appealed to the County Executive, who
44 shall hold a hearing on the appeal and consider any written or oral evidence presented by
45 appellant. This procedure shall be exclusive and its exhaustion by any property owner shall be a
46 condition precedent to any other appeal or legal action by such owner.
47

1 **I. PREPAYMENT OF SPECIAL REAL PROPERTY TAX**

2
3 The Special Real Property Tax for any Parcel may be prepaid and the obligation to pay the
4 Special Tax for the Parcel permanently satisfied as provided for herein.

5
6 The Special Real Property Tax prepayment amount shall be equal to the following: (a) the sum
7 of the following: (i) Principal, (ii) Premium, (iii) Defeasance, and (iv) Fees, (b) less the Reserve
8 Fund Credit, if any, plus any delinquent Special Real Property Tax on such Parcel, including any
9 applicable penalties and related costs, where the terms have the following meanings:

10
11 **Principal** means a portion of the principal of the Bonds equal to (i) the Equivalent Units for the
12 Parcel for which the Special Real Property Tax is being prepaid divided by (ii) the Equivalent
13 Units for all Taxable Property in the District upon full development of the District with the result
14 multiplied by (iii) the total Bonds outstanding after application of the Special Tax collected in
15 the corresponding Fiscal Year plus any additional Bonds authorized to be issued.

16
17 **Premium** means an amount equal to the Principal multiplied by the applicable redemption
18 premium for the Bonds to be redeemed on the earliest date on which such Bonds are to be
19 redeemed, as provided for in the Indenture of Trust. There shall be no Premium if the
20 prepayment is made prior to the issuance of such Bonds.

21
22 **Defeasance** means the amount needed to pay interest on the Principal until the earliest call date
23 for the Bonds to be redeemed, less (a) the amount that is projected to be received by the Trustee
24 from the reinvestment of the Special Real Property Tax prepayment until such Bonds are
25 redeemed from the prepayment and (b) the Special Real Property Tax paid prior to the
26 prepayment that will be applied to the interest on or principal of the Bonds that is included in the
27 calculation of the Principal or Defeasance.

28
29 **Fees** means Administrative Expenses associated with the prepayment, including but not limited
30 to the calculation of the prepayment, the costs of redeeming the Bonds (including, but not limited
31 to, any costs associated with effectuating a defeasance in accordance with the Indenture of
32 Trust), and the costs of recording or publishing any notices related to the prepayment and the
33 redemption of the Bonds.

34
35 **Reserve Fund Credit** means any reduction in funds required to be on deposit in the reserve fund
36 resulting from the redemption of Bonds, as provided for in the Indenture of Trust.

37
38 The sum of the amounts calculated herein shall be paid to the County or the Trustee and shall be
39 used to pay and redeem the Bonds in accordance with the Indenture of Trust and to pay the
40 Administrative Expenses associated with the prepayment. Upon the payment of such
41 prepayment amount to the County or the Trustee, the obligation to pay the Special Real Property
42 Tax for such Parcel shall be deemed to be permanently satisfied, and the Special Real Property
43 Tax shall not be collected thereafter from such Parcel.

