

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2002 Legislative Session

Resolution No. CR-62-2002

Proposed by The Chairman (by request – County Executive)

Introduced by Council Members Bailey, Wilson and Russell

Co-Sponsors _____

Date of Introduction September 17, 2002

RESOLUTION

1 A RESOLUTION concerning

2 National Harbor Development District and National Harbor Special Taxing District

3 For the purpose of designating a contiguous area within Prince George's County, Maryland (the

4 "County") as a "development district" as that term is used in Sections 14-201 through 14-214,

5 inclusive of Article 41 of the Annotated Code of Maryland, as amended (2001 Replacement

6 Volume) (the "Tax Increment Act"), as well as for the purpose of designating a contiguous area

7 within the County that would be coincident with the development district as a "special taxing

8 district" as that term is used in Chapter 549 of the Laws of Maryland 1995 (Article 17, Division

9 13, Section 10-268 of the Public Local Laws of the State of Maryland) recodified as Section 10-

10 269 of the Prince George's County Code, as amended and as that term is used in Section 9-1301

11 of Article 24 of the Annotated Code of Maryland, as amended (collectively, the "Special Taxing

12 District Act") such development district and special taxing district to be located in Oxon Hill,

13 Maryland on the shores of the Potomac River and to be known as the "National Harbor

14 Development District" and the "National Harbor Special Taxing District", respectively;

15 providing for, and determining, various matters in connection with the establishment of a

16 development district and a special taxing district, creating a tax increment fund with respect to

17 the development district and a special fund with respect to the special taxing district, allocating

18 certain property taxes and certain hotel rental taxes with respect to the development district to be

19 paid over to the tax increment fund as provided in the Tax Increment Act; providing for the levy

20 of a special tax and the allocation of the special tax with respect to the special taxing district to

21 be paid over to the special fund as provided in the Special Taxing District Act; making certain

22 findings and determinations with respect to the tax increment fund and the special fund and the

1 respective uses of such funds; providing that special obligation bonds may be issued from time to
2 time pursuant to an ordinance or ordinances enacted in accordance with the Tax Increment Act
3 and the Special Taxing District Act and secured by the tax increment fund and the special fund;
4 providing for the pledge by the County of the tax increment fund and special fund to secure
5 special obligation bonds issued by the Revenue Authority of Prince George’s County in
6 accordance with the Tax Increment Act, the Special Taxing District Act and Sections 21A-101
7 through 21A-121 of the Prince George’s County Code, as amended; and generally relating to the
8 National Harbor Development District and National Harbor Special Taxing District.

9 WHEREAS, the Tax Increment Financing Act, Sections 14-201 through 14-214,
10 inclusive, of Article 41 of the Annotated Code of Maryland, as amended (2001 Replacement
11 Volume) (the “Tax Increment Act”) constitutes those provisions of Maryland law authorizing
12 Prince George’s County, Maryland (the “County”) to establish a “development district” (as that
13 term is used in the Tax Increment Act) and a tax increment fund into which the Tax Increment
14 and the Hotel Tax (both hereinafter defined) for the Development District (hereinafter defined) is
15 deposited.; and

16 WHEREAS, Chapter 549 of the Laws of Maryland 1995 (Article 17, Division 13, Section
17 10-268 of the Public Local Laws of the State of Maryland), recodified as Section 10-269 of the
18 Prince George’s County Code, as amended and Section 9-1301 of Article 24 of the Annotated
19 Code of Maryland, as amended (collectively, the “Special Taxing District Act”) constitute those
20 provisions of Maryland law authorizing the County to establish a “special taxing district” (as that
21 term is used under the Special Taxing District Act) and a special fund into which the Special Tax
22 (hereinafter defined) for the Special Taxing District (hereinafter defined) is deposited; and

23 WHEREAS, the owners of at least two-thirds of the assessed valuation of the real
24 property located within the proposed National Harbor Special Taxing District and at least two-
25 thirds of the owners of the real property located within the proposed National Harbor Special
26 Taxing District have petitioned the County to designate and create the National Harbor Special
27 Taxing District within certain unincorporated areas of the County as more specifically provided
28 within such petition, filed with the Clerk of the Council and incorporated by reference herein;
29 and

1 WHEREAS, the owners of the real property in the proposed National Harbor Special
2 Taxing District and the proposed National Harbor Development District plan to construct a
3 mixed use development including retail, commercial, residential and office facilities; and

4 WHEREAS, such development will further economic development within the County
5 and thus meet the public purposes contemplated by the Tax Increment Act and the Special
6 Taxing District Act; and

7 WHEREAS, there is proposed to be levied and imposed a Special Tax upon all real and
8 personal property within the proposed National Harbor Special Taxing District unless exempted
9 by law or as provided for herein, for the purposes, to the extent and in the manner herein
10 provided; and

11 WHEREAS, the County has agreed to pledge its receipts from the Hotel Tax and to
12 deposit such Hotel Tax into the tax increment fund, as more specifically provided for herein; and

13 WHEREAS, the Tax Increment Act and the Special Taxing District Act each authorize
14 the County or the Revenue Authority of Prince George's County (the "Authority") to issue
15 special obligation bonds from time to time for the purpose of borrowing funds to be used to
16 fulfill one or more of the purposes of said Acts; and

17 WHEREAS, the County, or at the request of the County, the Authority expects to issue
18 special obligation bonds in one or more series to finance public infrastructure improvements; and

19 WHEREAS, if the County issues its special obligation bonds upon enactment of an
20 ordinance or ordinances such ordinance or ordinances will provide that the special obligation
21 bonds shall be secured by a pledge of (i) the taxes representing the levy on the Tax Increment,
22 (ii) the Hotel Tax and (iii) the Special Tax (collectively, the "County Taxes") as more
23 specifically provided for herein; and

24 WHEREAS, if the Authority, at the request of the County, issues its special obligation
25 bonds to finance the public infrastructure improvements, the County has agreed to pledge the
26 County Taxes to secure such special obligation bonds pursuant to the provisions of Section 21A-
27 109 of the Prince George's County Code.

28 SECTION 1. NOW, THEREFORE, BE IT RESOLVED by the County Council of
29 Prince George's County, Maryland, that, for the purposes of this Resolution, the terms defined in
30 the recitals shall have the meanings therein set forth and, in addition, the following terms shall
31 have the meanings set forth below:

1 (1) “Adjusted Assessable Base” means, for real property that qualifies for a farm
2 or agricultural use under Section 8-209 of the Tax-Property Article, the fair market value of the
3 property without regard to its agricultural use assessment as of January 1 of that year preceding
4 the effective date of the resolution creating the Development District under Section 14-206 of the
5 Tax Increment Act.

6 (2) “Assessable Base” means the total assessable base of all real property in the
7 Development District subject to taxation as determined by the Supervisor of Assessments.

8 (3) “Assessment Ratio” means any real property tax assessment ratio, however
9 designated or calculated, which is used or applied under applicable general law in determining
10 the Assessable Base.

11 (4) “Bonds” includes any revenue bonds or bond, note or notes, or other similar
12 instruments or instrument issued by the County pursuant to and in accordance with this
13 Resolution and the Tax Increment Act and the Special Taxing District Act.

14 (5) “Development District” means the contiguous area in the County designated
15 in Section 3 of this Resolution as a development district under the Tax Increment Act.

16 (6) “Hotel Tax” means the portion of the transient occupancy taxes levied and
17 collected in each Tax Year by the County pursuant to Subdivision 3, Subtitle 10 of the Prince
18 George’s County Code, as the same may be amended from time to time, on hotels located in the
19 Development District and the Special Taxing District that has been allocated to secure the Bonds
20 by the County Executive pursuant to an executive order.

21 (7) “Original Assessable Base” means the Assessable Base as of January 1 of the
22 year preceding the effective date of this Resolution (January 1, 2001).

23 (8) “Original Full Cash Value” means the dollar amount which is determined by
24 dividing the Original Assessable Base by the Assessment Ratio used to determine the Original
25 Assessable Base.

26 (9) “Original Taxable Value” means, for any Tax Year, the dollar amount that is
27 the lesser of:

28 (a) The product of the Original Full Cash Value times the Assessment
29 Ratio applicable to that Tax Year;

30 (b) The Original Assessable Base; or

1 (c) If an Adjusted Assessable Base applies, then the Original Taxable
2 Value is the Adjusted Assessable Base.

3 (10) "Special Tax" means the special taxes levied and imposed by the County
4 pursuant to the Special Taxing District Act and the methodology described in Exhibit B to this
5 Resolution to pay, if necessary, the debt service on Bonds issued in an aggregate principal
6 amount that does not exceed Seventy-five Million Dollars (\$75,000,000) and to make other
7 payments.

8 (11) "Special Taxing District" means the contiguous area in the County
9 designated in Section 4 of this Resolution as a special taxing district under the Special Taxing
10 District Act.

11 (12) "Special Taxing District Fund" means the special taxing district fund
12 established in Section 7 of this Resolution.

13 (13) "Tax Increment" means for any Tax Year, the amount by which the
14 Assessable Base as of January 1 preceding that Tax Year exceeds the Original Taxable Value
15 divided by the Assessment Ratio used to determine the Original Taxable Value.

16 (14) "Tax Increment Fund" means the tax increment fund established in
17 Section 6 of this Resolution.

18 (15) "Tax Year" means the period from July 1 of a calendar year through June
19 30th of the next calendar year.

20 SECTION 2. BE IT FURTHER RESOLVED, that, acting pursuant to the Tax Increment
21 Act and Special Taxing District Act, it is hereby found and determined that the establishment of
22 the Development District and the Special Taxing District, the creation of the Tax Increment Fund
23 and the Special Taxing District Fund and the issuance of Bonds from time to time pursuant to the
24 Tax Increment Act and the Special Taxing District Act, all for the purpose of providing funds to
25 finance the costs of certain public infrastructure improvements accomplishes the purposes of the
26 Tax Increment Act and the Special Taxing District Act and generally promotes the health,
27 welfare and safety of the residents of the State of Maryland and of the County.

28 SECTION 3. BE IT FURTHER RESOLVED, that a contiguous area of the County
29 consisting of the tax lots and other property set forth below is hereby designated as a
30 "Development District" (to be known as the "National Harbor Development District") pursuant
31 to Section 14-206 of the Tax Increment Act. The Development District shall consist of the

1 property listed in Exhibit A of this Resolution designated by tax lot and all adjoining roads,
2 highways, alleys, rights of way, parks and other similar property in order to form a contiguous
3 area as shown on the map submitted to the County Council together with this Resolution.

4 SECTION 4. BE IT FURTHER RESOLVED, that a contiguous area of the County
5 consisting of the tax lots and other property set forth below is hereby designated as a “Special
6 Taxing District” (to be known as National Harbor Special Taxing District) pursuant to Section
7 10-269(e) of the Special Taxing District Act and Section 9-1301(f) of Article 24 of the
8 Annotated Code of Maryland, as amended. The Special Taxing District shall consist of property
9 listed in Exhibit A of this Resolution designated by tax lot and all adjoining roads, highways,
10 alleys, rights of way, parks and other similar property in order to form a contiguous area as
11 shown on the map submitted to the County Council together with this Resolution.

12 SECTION 5. BE IT FURTHER RESOLVED, that this Resolution may be amended by
13 an administrative resolution of the County Council approved by the County Executive, which
14 resolution may enlarge or reduce the Development District or the Special Taxing District. No
15 such resolution shall be effective to reduce the size of the Development District or the Special
16 Taxing District so long as there are any Bonds outstanding pursuant to the Tax Increment Act
17 and the Special Taxing District Act and this Resolution, unless the ordinance with respect to such
18 Bonds permits the County to reduce the area constituting the Development District or the Special
19 Taxing District or the holders of the Bonds or a representative on their behalf consents to any
20 such reduction.

21 SECTION 6. BE IT FURTHER RESOLVED, that there is hereby established a special
22 fund to be designated the “National Harbor Development District Tax Increment Fund” (the
23 “Tax Increment Fund”) with respect to the National Harbor Development District and the
24 County Executive, Chief Administrative Officer and the Financial Officer of the County are
25 hereby directed and authorized to deposit in such Tax Increment Fund all taxes received by the
26 County for any Tax Year commencing after the effective date of this Resolution equal to that
27 portion of the taxes payable to the County (but not including any taxes payable to the State of
28 Maryland or to any other party) representing the levy on the Tax Increment that would normally
29 be paid to the County. The County shall also deposit the Hotel Tax into such Fund. The County
30 Executive, the Chief Administrative Officer and the Financial Officer and other officers and

1 employees of the County, to the extent applicable, are hereby authorized to take all necessary
2 steps in order to establish a separate fund to be held by the County.

3 SECTION 7. BE IT FURTHER RESOLVED, that there is hereby established a special
4 fund to be designated the “National Harbor Special Taxing District Fund” (the “Special Taxing
5 District Fund”) with respect to the National Harbor Special Taxing District and the County
6 Executive, Chief Administrative Officer and the Financial Officer of the County are hereby
7 directed and authorized to deposit in such Special Taxing District Fund all Special Taxes
8 received by the County. The County Executive, the Chief Administrative Officer and the
9 Financial Officer and other officers and employees of the County, to the extent applicable, are
10 hereby authorized to take all necessary steps in order to establish a separate fund to be held by
11 the County.

12 SECTION 8. BE IT FURTHER RESOLVED, that Bonds may be issued from time to
13 time pursuant to an ordinance or ordinances enacted in accordance with the Tax Increment Act
14 and the Special Taxing District Act for the purpose of providing funds for the financing of public
15 infrastructure improvements. Such ordinance or ordinances shall specify, in general detail, the
16 proposed undertaking to be financed with the proceeds of the Bonds and shall otherwise conform
17 to the requirements of the Tax Increment Act, the Special Taxing District Act and this
18 Resolution.

19 SECTION 9. BE IT FURTHER RESOLVED, that the County hereby covenants and
20 pledges that if any Bonds issued under the Tax Increment Act with respect to the Development
21 District are outstanding, the property taxes on real property within the Development District shall
22 be divided so that (i) that portion of the taxes which would be produced by the rate at which
23 taxes levied each year by the County upon the Original Taxable Value shall be allocated to and
24 when collected paid into the funds of the County in the same manner as taxes by or for the
25 County on all other property are paid and (ii) that portion of the taxes representing the levy on
26 the Tax Increment that would normally be paid to the County (but not including any taxes
27 payable to the State of Maryland or to any other party) shall be paid into the Tax Increment Fund
28 established hereunder to be applied in accordance with the provisions of Section 14-208 of the
29 Tax Increment Act. The County acknowledges that neither the rate at which taxes are levied on
30 real property within the Development District nor the manner of assessment of the value of real
31 property within the Development District is to vary from the rate or manner of assessment that

1 otherwise would have applied if the Development District were not designated and the Tax
2 Increment Fund not created, except to the extent that a specific valuation adjustment is mandated
3 by the Tax Increment Act for real property that qualifies for farm or agricultural use.

4 SECTION 10. BE IT FURTHER RESOLVED, that there hereby is levied and imposed,
5 if necessary, a Special Tax upon all real and personal property within the Special Taxing District,
6 unless exempted by law or by the provisions hereof, for the purposes, to the extent and in the
7 manner provided in Exhibit B attached hereto and made a part hereof, through the application of
8 the procedures provided in Exhibit B, provided however, that the maximum amount of the
9 Special Tax may be reduced as provided in Exhibit B at the time of the sale of any Bonds to
10 reflect an actual rate of interest on the Bonds and the amount of Bonds actually issued to take
11 into consideration a reduction in the debt service on the Bonds by the County Executive. As set
12 forth in Exhibit B, no Special Tax shall be levied to pay debt service on any Bonds which are
13 secured by both the Tax Increment Fund and the Special Taxing District Fund unless the Tax
14 Increment Fund does not contain monies in an amount sufficient to pay such debt service on the
15 Bonds, any other required payments as well as the County's and/or any other issuer's
16 administrative expenses relating to the issuance of the Bonds and the creation of the
17 Development District and Special Taxing District. Further, the Special Tax levied and imposed
18 by this Resolution in the Special Taxing District shall take effect and be in force for the fiscal
19 year beginning July 1, 2003, provided that such Special Tax shall terminate when the Bonds are
20 no longer outstanding which, for purposes of this Resolution as it relates only to the Special Tax,
21 shall mean the Bonds have been fully repaid or defeased. The County hereby covenants to levy,
22 if necessary, the Special Tax in rate and amount at least sufficient in each year in which any of
23 the Bonds are outstanding to provide, if necessary, for the payment of the principal of and
24 interest on the Bonds to the extent of any deficiency in the Tax Increment Fund, to make any
25 other required payments and to provide for the payment of the County's and/or any other issuer's
26 expenses. The Special Tax also may be levied with respect to refunding bonds issued under the
27 Special Taxing District Act pursuant to the provisions of an ordinance or resolution enacted or
28 adopted by the County in connection with the issuance of such refunding bonds.

29 The County Council has been provided with documentation as to the methodology utilized in
30 apportioning the Special Tax among property owners within the Special Taxing District and
31 based on such documentation finds that the methodology is reasonable and results in fairly

1 allocating the cost of the improvements as required by the Special Taxing District Act,
2 conditioned on and subject to certification by qualified experts as to the final methodology
3 adopted in apportioning the Special Tax among the property owners.

4 SECTION 11. BE IT FURTHER RESOLVED, that if the Authority issues its special
5 obligation bonds to finance the public infrastructure improvements at the request of the County,
6 the County Taxes are hereby pledged to secure the payment of such bonds pursuant to the
7 provisions of Section 21A-109 of the Prince George's County Code; provided that monies in the
8 Tax Increment Fund may be withdrawn by the County Executive in accordance with the
9 provisions of the indenture pursuant to which the Authority's special obligation bonds are issued
10 at the end of any fiscal year of the County for remittance to the owners of real property in the
11 National Harbor Development District or their respective designees for use by such owners or
12 designees for any purpose that the County may legally use them, including but not limited to the
13 promotion and marketing of the mixed use development and the maintenance of the public
14 infrastructure improvements financed. The amounts of such remittances, the purposes for which
15 they will be used and any other conditions and provisions related thereto shall be contained in an
16 agreement to be executed between the County and the owners of real property or their respective
17 designees, provided that such agreement shall provide that monies in the Tax Increment Fund
18 will only be permitted to be withdrawn to the extent, and only to the extent, that the monies in
19 the Tax Increment Fund at the end of any fiscal year exceeds the amount needed to pay debt
20 service on the Authority's special obligation bonds, to replenish any debt service reserve fund
21 securing such bonds or to pay administrative costs of the County and the Authority related to the
22 National Harbor Development District, the National Harbor Special Taxing District and the
23 issuance of the Authority's special obligation bonds. The pledge of the County Taxes pursuant
24 to the provisions of this Resolution may be documented by written agreement between the
25 County and the Authority, and the County Executive is authorized to execute and deliver such
26 agreement. The provisions of this Resolution relating to the County Taxes as they apply to the
27 Bonds shall also apply to the Authority's special obligation bonds. For such purposes, the
28 defined term "Bonds" includes the Authority's special obligation bonds. The provisions of
29 Section 5 of this Resolution shall also apply with respect to the Authority's special obligation
30 bonds. The pledge of the County Taxes shall be released when the Authority's special obligation

1 bonds have been paid in full or defeased. This Section 11 shall constitute the County's approval
2 required by Section 21A-103(c) of the Prince George's County Code.

3 SECTION 12. BE IT FURTHER RESOLVED, that the provisions of this Resolution are
4 severable, and if any provision, sentence, clause, section or part hereof is held or determined to
5 be illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such
6 illegality, invalidity or unconstitutionality or inapplicability shall not affect or impair any of the
7 remaining provisions, sentences, clauses, sections or parts of this Resolution or their application
8 to other persons or circumstances. It is hereby declared to be the legislative intent that this
9 Resolution would have been passed if such illegal, invalid, unconstitutional or inapplicable
10 provision, sentence, clause, section or part had not been included herein, and as if the person or
11 circumstances to which this Resolution or any part hereof are inapplicable had been specifically
12 exempted herefrom.

13 SECTION 13. BE IT FURTHER RESOLVED, that this Resolution is administrative in
14 nature and shall take effect upon approval by the County Executive

Adopted this 16th day of October, 2002.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Peter A. Shapiro
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Wayne K. Curry
County Executive

Exhibit A available in hard copy only and as an Inclusion File in LIS

Exhibit B**PRINCE GEORGE'S COUNTY****NATIONAL HARBOR SPECIAL TAXING DISTRICT*****RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAXES***

A Special Tax shall be levied and collected in the Prince George's County National Harbor Special Taxing District (the "District") each Tax Year, beginning with the 2003-2004 Tax Year, in an amount determined by the County Executive 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 the Special Taxing District Act and the Tax Increment Act.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Trustee and Administrator employed by the County or the Issuer in connection with the Bonds; the expenses of the County and the Issuer in carrying out their duties under the Trust Indenture with respect to such Bonds, including, but not limited to, levying and collecting the Special Tax, complying with arbitrage rebate requirements and obligated persons disclosure requirements associated with applicable federal and state securities law, including the costs of any employees of the County and the Issuer and the fees of any professionals retained by the County and the Issuer to provide services for such purposes, and all other costs and expenses of the County, Issuer, Administrator, or Trustee incurred in connection with the discharge of their respective duties herein or under the Trust Indenture with respect to the Bonds, including legal expenses associated with such duties, and, in the case of the County and the Issuer, in any way related to the administration of the District.

"Administrator" means the designee of the County Executive for purposes of calculating the annual Special Tax rate, providing for the levy and collection of the Special Tax, and other services as designated by the County Executive.

"Assessed Value" means the assessed value of real property as determined by the Supervisor.

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

"County Council" means the County Council of Prince George's County, Maryland.

"County" means Prince George's County, Maryland.

"County Executive" means the official of the County who is the chief executive officer of the County.

“Date of Finality” means, for each Tax Year, the date used by the Supervisor to determine the Assessed Value of real property for the purpose of determining the real property tax.

“Development District” means any property within the “National Harbor Development District,” created by CR-62-2002 adopted by the County Council.

“District” means the National Harbor Special Taxing District established by the County under the Special Taxing District Act.

“Exempt Property” means any Parcel within the boundaries of the District that is not subject to real property taxes levied by the County.

“Hotel Tax” has the meaning given to it in CR-62-2002 adopted by the County Council.

“Issuer” means the County or any other issuer of the Bonds authorized by law.

“Maximum Special Tax Rate” means a tax rate equal to \$70.30 per \$100 of Assessed Value for the 2002-2003 Tax Year, with such rate to increase or decrease each July 1 according to the following formula:

$$\$70.30 \times 1.02^n \div (AV_n \div \$13,602,550)$$

Where the terms have the following meanings:

n = the number of Tax Years after the 2002-2003 Tax Year

AV_n = the assessed value in the Tax Year for which the Maximum Property Tax Rate is being determined

However, the Maximum Property Tax Rate shall not increase by more than two percent compounded per Tax Year.

“Parcel” means a parcel within the District with a parcel number assigned by the Supervisor.

“Personal Property Tax Rate” means a tax rate equal to \$0 per \$100 of Assessed Value.

“Proportionately” means that the ratio of the actual Special Tax levy to the Assessed Value of each Parcel is equal.

“Special Tax” means the Special Tax that may be levied by the County on property within the District each Tax Year to fund the Special Tax Requirement.

“Special Tax Requirement” means the amount calculated pursuant to Section B.1.

“Special Taxing District Act” means Chapter 549 of the Laws of Maryland 1995 (Article 17, Division 13, Section 10-268 of the Public Local Laws of the State of Maryland), recodified as Section 10-269 of the Prince George’s County Code, and Section 9-1301 of Article 24 of the

Annotated Code of Maryland, respectively, as amended from time to time.

“Supervisor” means the Supervisor of Assessments.

“Tax Increment” has the meaning given to it in CR-62-2002 adopted by the County Council.

“Tax Increment Revenues” means any Tax Increment paid on any property within the Development District and available to apply to the Special Tax Requirement.

“Tax Increment Act” means Sections 14-201 through 14-214, inclusive of Article 41 of the Annotated Code of Maryland, as amended (2001 Replacement Volume).

“Taxable Property” means any Parcel that is not Exempt Property.

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

“Trustee” means the trustee, fiscal agent, or paying agent appointed by the County or the Issuer for the District to carry out the duties of the trustee, fiscal agent, or paying agent specified in the Trust Indenture.

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

B. LEVY OF THE SPECIAL TAX

1. Special Tax Requirement

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

2. Levy of the Special Tax

Commencing with the 2003-2004 Tax Year and for each following Tax Year, the Administrator shall determine the Special Tax Requirement, if any, for the applicable Tax Year and shall provide for the levy of the Special Tax Proportionately on each Parcel of Taxable Property in an

amount up to the Maximum Property Tax Rate multiplied by the Assessed Value of the Parcel, such that the total of the Special Tax levied is equal to the Special Tax Requirement.

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

The circumstances under which the Special Tax levied on any Parcel may be increased as a result of a default in the payment of the Special Tax levied on any other Parcel is based on the provisions of Sections B. 1. and 2. The Special Tax levied on any Parcel cannot be increased above the Maximum Property Tax Rate as a result of a default in the payment of the Special Tax levied on any other Parcel. If the Special Tax levied on any Parcel pursuant to the provisions of Sections B.1. and 2. is less than the Maximum Property Tax Rate, the Special Tax may be increased up to the Maximum Property Tax Rate as a result of a default in the payment of the Special Tax levied on any Parcel.

C. 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, that Special Taxes may be collected in a different time or in a different manner as determined by the County Executive.

D. TERMINATION OF SPECIAL TAX

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be levied after the earlier of the repayment or defeasance of the Bonds or as provided for in the Trust Indenture. After such time, and the collection of any delinquent Special Taxes, penalties and interest, the County Executive shall cause a document evidencing such termination of the levy and collection of the Special Tax to be recorded in the land records of the County.

E. PREPAYMENT OF THE SPECIAL TAX

The Special Tax will be levied only in the event Tax Increment Revenues, Hotel Taxes, and other revenues available pursuant to the Trust Indenture are not sufficient to fund the Special Tax Requirement. Accordingly, no provisions are made for the prepayment of the Special Tax.

F. REDUCTION IN THE MAXIMUM PROPERTY TAX RATE

The Maximum Property Tax Rate may be reduced by the County Executive pursuant to the provisions of the Trust Indenture.

G. APPEALS OF THE LEVY OF THE SPECIAL TAX

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Administrator not later than one calendar year after the due date of the Special Tax that is disputed. The Administrator shall promptly review the appeal, and if necessary, meet with the

property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the decision of the Administrator requires the Special Tax to be modified or changed in favor of the property owner, in-lieu of a cash refund, the Administrator may provide, at its option, for an adjustment to be made to the next Special Tax levy. 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.

H. AMENDMENTS

This Rate and Method of Apportionment of Special Taxes may be amended by the County Executive 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 to fulfill the obligations under the Trust Indenture to impose and collect the Special Tax and to make it available for the payment of the Bonds and Administrative Expenses. No such amendment shall be approved by the County Executive unless and until the County Executive has (i) found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds and (ii) received an opinion of a nationally recognized bond counsel to the effect that the amendment is authorized pursuant to the terms of the Act and the Trust Indenture.

I. INTERPRETATION OF PROVISIONS

The County Executive or the designee of the County Executive shall make all interpretations and determinations related to the application of this Rate and Method of Apportionment of Special Tax, unless stated otherwise herein or in the Trust Indenture, and as long as there is a rational basis for any such determination, the determination shall be conclusive.