

**Exhibit B**

**Second Amended and Restated Rate and Method of Apportionment**

AMENDED PETITION

REGARDING THE KINGDOM SQUARE SPECIAL TAXING DISTRICT AND LEVY OF  
SPECIAL HOTEL RENTAL TAX

Dated: September 14, 2017

The Honorable Rushern L. Baker, III  
County Executive  
Prince George's County  
14741 Governor Oden Bowie Drive  
Upper Marlboro, Maryland 20772

County Council  
Prince George's County  
14741 Governor Oden Bowie Drive  
Upper Marlboro, Maryland 20772

This is a petition requesting the creation of a "special taxing district" as that term is used in Sections 21-501 through 21-518 and Section 21-523 of the Local Government Article of the Annotated Code of Maryland and Section 10-269 of the Prince George's County Code, as amended (collectively, the "Act") within an unincorporated area of Prince George's County, Maryland (the "County") and other action.

1. Petitioner. This petition is submitted by the person identified below for the owners of the parcels of land generally described in Exhibit A attached hereto. By submitting this petition, the signers of this petition warrants to the County that he/she is authorized to execute the petition on behalf of such owners. This Amended Petition supplements the Petition to Create the Kingdom Square Special Taxing District dated July 12, 2010 (the "Original Petition").

2. Ownership of Property. The signers of this petition warrants to the County that the owners identified below are at least two-thirds of the owners of the real property and the owners of at least two-thirds of the assessed value of the real property within the boundaries of the special taxing district known as the "Kingdom Square Special Taxing District" (the "District").

3. Prior Proceedings. Creation of the District was requested in the Original Petition. The District was created pursuant to Council Resolution CR-76-2010 (the "Resolution"), which was adopted by the County Council on July 13, 2010 and approved by the County Executive on July 27, 2010. The Resolution provided for the creation of a special fund designated as the "Tax Increment Fund" with respect to the District, the levy on the Tax Increment and Hotel Tax (as each is defined in the Resolution) to be paid over to the special fund and that special obligation bonds could be issued pursuant to an ordinance to finance infrastructure improvements by the District.

4. Proceedings Requested. The petitioners for themselves and their respective successors and assigns request that the County Council undertake proceedings under the Act (i) to levy additional special taxes in the form of a special hotel rental tax on hotels, as described in Section 10-269(b)(1)(B) of the County Code and Section 21-523 of the Local Government Article of the Annotated Code of Maryland, located in the District (the "Hotel Rental Tax") to be paid over to the special fund and (ii) to issue special obligation bonds pursuant to the Act, secured by a levy of the Special Taxes (as defined in the Resolution) and Hotel Rental Tax in order to (a) finance or refinance all, or a portion, of the costs of public infrastructure facilities

and improvements to be located in the District or outside the District if reasonably related to infrastructure improvements in the District, as more particularly described in Exhibit B and Exhibit C, attached hereto, and (b) provide for the payment and reimbursement of authorized costs related to the District.

5. By executing this application, the petitioners agree to all of the above.

[Signature Appears on Following Page]

By executing this petition, the person below agrees to all of the above.

THE SANCTUARY AT KINGDOM SQUARE

By: Anthony G. Muelin  
Name: Anthony G. Muelin  
Title: Pastor / CEO.

CAPHEIGHTS CENTRAL LLC

By: Brandon Bellamy  
Brandon Bellamy  
Manager

EXHIBIT A

PROPERTIES INCLUDED IN THE  
KINGDOM SQUARE SPECIAL TAXING DISTRICT

Tax Account Identifier

2925774  
1448661

Address

Sanctuary at Kingdom Sq. Inc.  
CapHeights Central LLC

EXHIBIT B

IMPROVEMENTS

The improvements include, but are not limited to, surface demolition, demolition of existing structures, rough grading with import, sediment control and landscaping, stormwater management, storm drainage, holding area for compensatory storage, off-site improvements/bike trail/bus shelter/pavilion, wet utilities (water and sewer), unsuitable soil/soil import (flood mitigation), relocation of water main, parking garage/surface parking, construction costs related to the foregoing and such other infrastructure improvements within the District as may be authorized by the Act.

EXHIBIT C

RATE AND METHOD

[See Attached]

**PRINCE GEORGE'S COUNTY, MARYLAND  
KINGDOM SQUARE SPECIAL TAXING DISTRICT**

***SECOND AMENDED AND RESTATED  
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES***

A Special Tax is hereby levied and shall be collected in the Kingdom Square Special Taxing District (the "District") each Fiscal Year, beginning with the Commencement Date and continuing until the year provided for in Section F hereof, in an amount determined by 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 Financing Act.

**"Adjusted Maximum Special Tax"** means the Special Tax determined in accordance with Section B.4.

**"Administrative Expenses"** means any or all of the following: the costs and expenses of the County incurred in connection with the discharge of its duties; 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 payment in lieu of rebate; fees payable for any bond insurance or other financial guaranty or credit enhancement with respect to any Bonds or under any 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; 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, and, in the case of the County, in any way related to the administration of the District.



**“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, by the Indenture of Trust, or any other agreement relating to the District.

**“Available Hotel Occupancy Tax Revenues”** means the Hotel Occupancy Tax Revenues made available pursuant to the Indenture of Trust.

**“Available Tax Increment Revenues”** means the Tax Increment Revenues made available pursuant to the Indenture of Trust.

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

**“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.

**“County”** means Prince George’s County, Maryland.

**“County Executive”** means the County Executive for the County.

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

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

**“District Maximum Special Tax”** means \$1,133,000 for the year following the Commencement Date. On each July 1, commencing with the Commencement Date, 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 any prepayments of Special Taxes pursuant to Sections I, J or K occurring prior to such date.

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

**“Hotel Occupancy Revenues”** means the revenues produced by Hotel Property subject to the County’s hotel occupancy tax.

**“Hotel Occupancy Tax Revenues”** means the Hotel Occupancy Revenues paid into the Tax Increment Fund each year by the County.

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

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

**“Land Use Class 1”** mean residential dwelling units that consist of or is intended to consist of rental apartment units under common ownership and management, including any ancillary space thereto.

**“Land Use Class 2”** means property used or intended for use primarily as retail facilities selling goods or services to the general public, not including Land Use Class 3 and Land Use Class 6, including any ancillary space thereto.

**“Land Use Class 3”** means property used or intended for use primarily as existing retail facilities to be renovated selling goods or services to the general public, including any ancillary space thereto.

**“Land Use Class 4”** means property used or intended for use primarily as office facilities, including any ancillary space thereto.

**“Land Use Class 5”** means property used or intended for use as hotel facilities, including any ancillary space thereto.

**“Land Use Class 6”** means property used or intended for use primarily as a food store for the retail sale of packaged and/or prepared foods and beverages to the general public, including any ancillary space thereto, and any Taxable Property not classified as Land Use Class 4 or Land Use Class 5.

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

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

**“Maximum Special Tax Rates”** mean the rates provided for in Section B, as reduced pursuant to Section G.

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

**“Owner Association Property”** means, for any Fiscal Year, any real property within the boundaries of the District that is owned by or irrevocably offered for dedication to a property

owner's association and available for use in common by the homeowners; provided, however, that real property that has been irrevocably offered for dedication includes only those parcels for which a copy of the offer has been provided to the Administrator.

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

**"Proportionately"** means that the ratio of the Special Tax actually 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 improvements benefiting the District that the County has authorized to be funded by the proceeds of 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, County, or other public agency or easements for the exclusive use of a public utility provider; provided, however, that exclusive use utility easements and real property that has been irrevocably dedicated includes only those parcels for which a copy of the easement or offer has been provided to the Administrator.

**"Required Maximum Special Tax"** means the required Maximum Special Tax as provided for in the Indenture of Trust.

**"Special Hotel Occupancy Tax"** or **"SHOT"** means the Special Hotel Occupancy Tax to be collected pursuant to Sections B.3 and C herein.

**"Special Hotel Occupancy Tax Rate"** or **"SHOT Rate"** means the rate provided for in Section B.3.

**"Special Tax"** means the Special Tax that may be collected by the County each Fiscal Year to fund the Special Tax Requirement.

**"Special Tax Credit"** means, for any Fiscal Year, the Available Tax Increment Revenues, the Available Hotel Occupancy Tax Revenues, and the Special Hotel Occupancy Tax collected for that Fiscal Year and available to apply to the Special Tax Requirement. For purposes of calculating the Tax Increment Revenues for each Parcel, the base year value shall be allocated to each Parcel on the basis of the assessed value of each Parcel.

**"Special Taxing District Act"** means Section 10-269 of the Prince George's County Code, as amended, and Article 24, Section 9-1301 of the Annotated Code of Maryland, as amended.

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

**"Supervisor"** means the Supervisor of Assessments for the County.

**“Tax Increment Financing Act”** means Sections 12-201 through 12-213, inclusive of Economic Development Article of the Annotated Code of Maryland, as amended.

**“Tax Increment Fund”** means the tax increment fund established for the District pursuant to a resolution adopted by the County.

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

**“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 F herein.

**“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 RATES**

**1. Developed Property**

The Maximum Special Tax for the year following the Commencement Date for each Parcel of Developed Property shall be equal to the product of the number of residential dwelling units, Building Square Footage, and rooms that may be built on such Parcel and the Maximum Special Tax Rate for each land use class of property shown in Table A.

**TABLE A**  
**Developed Property**  
**Maximum Special Tax Rates**  
**Commencement Date**

<i>Land Use Class</i>	<i>Maximum Special Tax Per Unit/1,000 BSF/Room</i>	
Land Use Class 1	\$1,436	Per Unit
Land Use Class 2	\$965	Per 1,000 SF
Land Use Class 3	\$2,383	Per 1,000 SF
Land Use Class 4	\$1,670	Per 1,000 SF
Land Use Class 5	\$3,721	Per Room
Land Use Class 6	\$1,543	Per 1,000 SF

On each July 1, commencing with the Commencement Date, 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 Taxes 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. Special Hotel Occupancy Tax Rate

The Special Hotel Occupancy Tax Rate for each Fiscal Year until the Termination Date shall be 3.0% of Hotel Occupancy Revenues.

## 4. 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 Special Tax for a Parcel
B	=	The Maximum Special Tax for the Parcel
C	=	The Special Tax Credit for the Parcel

The Special Tax Credit applied to all Parcels shall not exceed the Available Tax Increment Revenues, the Available Hotel Occupancy Tax Revenues, and the Special Hotel Occupancy Tax applied to the Special Tax Requirement as provided for in Section C. 1.

5. Personal Property

The special tax rate on personal property shall be zero.

**C. LEVY AND COLLECTION OF THE SPECIAL TAX**

Special Taxes have been levied each Fiscal Year, beginning with the Commencement Date and continuing until the year provided for in Section F hereof, at the Maximum Special Tax. The 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 shall be an amount equal to (A) the amount required in any Fiscal Year to pay: (1) debt service and other periodic costs (including deposits to any sinking funds) on the Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid by the Special Taxes in such previous Fiscal Year, (3) any amount required to replenish any reserve fund established in association with any Bonds, (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax not otherwise taken into account, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash), less (B) (1) Available Tax Increment Revenues, Available Hotel Occupancy Tax Revenues, and Special Hotel Occupancy Taxes 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. 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 Land Use Class 1, Land Use Class 2, Land Use Class 3, Land Use Class 4, Land Use Class 5, or Land Use Class 6. 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.

3. Special Hotel Occupancy Tax

Commencing with the Commencement Date and for each following Fiscal Year through the Termination Date, the Special Hotel Occupancy Tax shall be collected from each Parcel of Hotel Property in an amount equal to the product of the Hotel Occupancy Revenues of the Parcel of Hotel Property for that Fiscal Year and the Special Hotel Occupancy Tax Rate.

4. Determination of the Special Tax to be Collected

Commencing with Commencement Date and for each following Fiscal Year, the Special Tax shall be collected as provided below.

**First:** The Special Tax 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, the Special Tax 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 the Special Tax to be collected from each Parcel in conformance with the provisions of this section.

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

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

**D. EXEMPTIONS**

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

**E. MANNER OF COLLECTION**

1. Special Tax

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.

2. **Special Hotel Occupancy Tax**

The SHOT shall be collected in the same manner and at the same time as ordinary hotel occupancy taxes of the County; provided, however, the SHOT 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 SHOT shall be secured in the same manner as ordinary hotel occupancy taxes and shall be subject to the same penalties and enforcement procedures in case of a delinquency as is provided for County hotel occupancy taxes.

**F. TERMINATION OF SPECIAL TAX**

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be collected from any Parcel after the earlier of (i) the repayment or defeasance of the Bonds, (ii) the thirtieth (30th) Fiscal Year in which such Parcel was taxed as Developed Property, and (iii) such time provided for by the Indenture of Trust.

**G. REDUCTION IN THE MAXIMUM SPECIAL TAX RATE**

The Maximum Special Tax Rates may be reduced by the Supervisor once all of the Bonds are issued to reflect the actual debt service on the Bonds such that 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 Supervisor shall make any reduction in writing and shall provide a copy of such reduction to the Administrator and the Trustee.

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

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Supervisor 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 Supervisor, or the designee of the Supervisor, 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 Supervisor 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 Supervisor may be appealed to the County Executive, 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.



## I. PREPAYMENT OF SPECIAL TAX

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 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, plus any delinquent Special Taxes 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 District Maximum Special Tax 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 Taxes collected in the corresponding Fiscal Year plus any additional Bonds authorized to be issued net of costs associated with the issuance of such Bonds.

**Premium** means an amount equal to the Principal multiplied by the applicable redemption premium, if any, for the Bonds 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 the Bonds.

**Defeasance** means the amount needed to pay interest on the Principal until the earliest call date for the Bonds, less (a) the amount that will be received by the Trustee from the reinvestment of the Special Tax prepayment until the 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, 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 the reserve fund resulting from the redemption of Bonds, as provided for 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.

**J. PARTIAL PREPAYMENT OF THE SPECIAL TAX**

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 I; except, however, the principal portion shall be calculated according to the following formula:

$$A = B \times C$$

Where the terms have the following meaning:

- A = the principal portion of the partial prepayment
- B = the principal portion of the prepayment calculated according to Section I
- C = the percent by which the owner of the Parcels is to partially prepay the Special Tax

With respect to any Parcel for which the Special Tax is partially prepaid, the County shall (i) distribute the funds remitted to it by the settlement agent 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.

**K. MANDATORY PREPAYMENT OF SPECIAL TAX**

A Mandatory Prepayment of the Special Tax shall be required for any Parcel of Taxable Property if the Maximum Special Tax for that Parcel is less than the Required Maximum Special Tax. The Maximum Special Tax for the Parcel shall be calculated based on the Maximum Special Tax Rates and the development that is to occur on such Parcel. The development that is to occur on the Parcel shall be based on land use approvals from the County, if available, and if not available, information provided pursuant to any development, funding or other agreement or plan.

The Mandatory Prepayment of Special Tax shall be calculated as set forth in Section I; 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 District Maximum Special Tax
- E = the total principal amount of Bonds outstanding.

The amounts calculated in the preceding formula 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 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 I.

#### **L. ELIMINATION OF THE MANDATORY PREPAYMENT OF SPECIAL TAX**

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

#### **M. AMENDMENTS**

This Second Amended and Restated 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 and to make it available for the payment of the Bonds and Administrative Expenses. No such amendment shall be approved unless and until the County has found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds. Any such amendment may not increase the Maximum Special Tax.

#### **N. INTERPRETATION OF PROVISIONS**

The County shall make all interpretations and determinations related to the application of this Second Amended and Restated 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.

**PRINCE GEORGE'S COUNTY, MARYLAND  
KINGDOM SQUARE SPECIAL TAXING DISTRICT**

***SECOND AMENDED AND RESTATED  
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES***

A Special Tax is hereby levied and shall be collected in the Kingdom Square Special Taxing District (the "District") each Fiscal Year, beginning with the Commencement Date and continuing until the year provided for in Section F hereof, in an amount determined by 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 Financing Act.

**"Adjusted Maximum Special Tax"** means the Special Tax determined in accordance with Section B.4.

**"Administrative Expenses"** means any or all of the following: the costs and expenses of the County incurred in connection with the discharge of its duties; 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 payment in lieu of rebate; fees payable for any bond insurance or other financial guaranty or credit enhancement with respect to any Bonds or under any 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; 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, and, in the case of the County, in any way related to the administration of the District.

**“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, by the Indenture of Trust, or any other agreement relating to the District.

**“Available Hotel Occupancy Tax Revenues”** means the Hotel Occupancy Tax Revenues made available pursuant to the Indenture of Trust.

**“Available Tax Increment Revenues”** means the Tax Increment Revenues made available pursuant to the Indenture of Trust.

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

**“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.

**“County”** means Prince George’s County, Maryland.

**“County Executive”** means the County Executive for the County.

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

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

**“District Maximum Special Tax”** means **\$1,133,000** for the year following the Commencement Date. On each July 1, commencing with the Commencement Date, 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 any prepayments of Special Taxes pursuant to Sections I, J or K occurring prior to such date.

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

**“Hotel Occupancy Revenues”** means the revenues produced by Hotel Property subject to the County’s hotel occupancy tax.

**“Hotel Occupancy Tax Revenues”** means the Hotel Occupancy Revenues paid into the Tax Increment Fund each year by the County.

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

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

**“Land Use Class 1”** mean residential dwelling units that consist of or is intended to consist of rental apartment units under common ownership and management, including any ancillary space thereto.

**“Land Use Class 2”** means property used or intended for use primarily as retail facilities selling goods or services to the general public, not including Land Use Class 3 and Land Use Class 6, including any ancillary space thereto.

**“Land Use Class 3”** means property used or intended for use primarily as existing retail facilities to be renovated selling goods or services to the general public, including any ancillary space thereto.

**“Land Use Class 4”** means property used or intended for use primarily as office facilities, including any ancillary space thereto.

**“Land Use Class 5”** means property used or intended for use as hotel facilities, including any ancillary space thereto.

**“Land Use Class 6”** means property used or intended for use primarily as a food store for the retail sale of packaged and/or prepared foods and beverages to the general public, including any ancillary space thereto, and any Taxable Property not classified as Land Use Class 4 or Land Use Class 5.

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

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

**“Maximum Special Tax Rates”** mean the rates provided for in Section B, as reduced pursuant to Section G.

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

**“Owner Association Property”** means, for any Fiscal Year, any real property within the boundaries of the District that is owned by or irrevocably offered for dedication to a property

owner's association and available for use in common by the homeowners; provided, however, that real property that has been irrevocably offered for dedication includes only those parcels for which a copy of the offer has been provided to the Administrator.

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

**“Proportionately”** means that the ratio of the Special Tax actually 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 improvements benefiting the District that the County has authorized to be funded by the proceeds of 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, County, or other public agency or easements for the exclusive use of a public utility provider; provided, however, that exclusive use utility easements and real property that has been irrevocably dedicated includes only those parcels for which a copy of the easement or offer has been provided to the Administrator.

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

**“Special Hotel Occupancy Tax”** or **“SHOT”** means the Special Hotel Occupancy Tax to be collected pursuant to Sections B.3 and C herein.

**“Special Hotel Occupancy Tax Rate”** or **“SHOT Rate”** means the rate provided for in Section B.3.

**“Special Tax”** means the Special Tax that may be collected by the County each Fiscal Year to fund the Special Tax Requirement.

**“Special Tax Credit”** means, for any Fiscal Year, the Available Tax Increment Revenues, the Available Hotel Occupancy Tax Revenues, and the Special Hotel Occupancy Tax collected for that Fiscal Year and available to apply to the Special Tax Requirement. For purposes of calculating the Tax Increment Revenues for each Parcel, the base year value shall be allocated to each Parcel on the basis of the assessed value of each Parcel.

**“Special Taxing District Act”** means Section 10-269 of the Prince George’s County Code, as amended, and Article 24, Section 9-1301 of the Annotated Code of Maryland, as amended.

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

**“Supervisor”** means the Supervisor of Assessments for the County.

“**Tax Increment Financing Act**” means Sections 12-201 through 12-213, inclusive of Economic Development Article of the Annotated Code of Maryland, ,as amended.

“**Tax Increment Fund**” means the tax increment fund established for the District pursuant to a resolution adopted by the County.

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

“**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 F herein.

“**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 RATES**

1. Developed Property

The Maximum Special Tax for the year following the Commencement Date for each Parcel of Developed Property shall be equal to the product of the number of residential dwelling units, Building Square Footage, and rooms that may be built on such Parcel and the Maximum Special Tax Rate for each land use class of property shown in Table A.

**TABLE A**  
**Developed Property**  
**Maximum Special Tax Rates**  
**Commencement Date**

<i>Land Use Class</i>	<i>Maximum Special Tax Per Unit/1,000 BSF/Room</i>	
Land Use Class 1	\$1,436	Per Unit
Land Use Class 2	\$965	Per 1,000 SF
Land Use Class 3	\$2,383	Per 1,000 SF
Land Use Class 4	\$1,670	Per 1,000 SF
Land Use Class 5	\$3,721	Per Room
Land Use Class 6	\$1,543	Per 1,000 SF



On each July 1, commencing with the Commencement Date, 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 Taxes 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. Special Hotel Occupancy Tax Rate

The Special Hotel Occupancy Tax Rate for each Fiscal Year until the Termination Date shall be 3.0% of Hotel Occupancy Revenues.

## 4. 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 Special Tax for a Parcel
B	=	The Maximum Special Tax for the Parcel
C	=	The Special Tax Credit for the Parcel

The Special Tax Credit applied to all Parcels shall not exceed the Available Tax Increment Revenues, the Available Hotel Occupancy Tax Revenues, and the Special Hotel Occupancy Tax applied to the Special Tax Requirement as provided for in Section C. 1.

5. Personal Property

The special tax rate on personal property shall be zero.

**C. LEVY AND COLLECTION OF THE SPECIAL TAX**

Special Taxes have been levied each Fiscal Year, beginning with the Commencement Date and continuing until the year provided for in Section F hereof, at the Maximum Special Tax. The 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 shall be an amount equal to (A) the amount required in any Fiscal Year to pay: (1) debt service and other periodic costs (including deposits to any sinking funds) on the Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid by the Special Taxes in such previous Fiscal Year, (3) any amount required to replenish any reserve fund established in association with any Bonds, (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax not otherwise taken into account, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash), less (B) (1) Available Tax Increment Revenues, Available Hotel Occupancy Tax Revenues, and Special Hotel Occupancy Taxes 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. 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 Land Use Class 1, Land Use Class 2, Land Use Class 3, Land Use Class 4, Land Use Class 5, or Land Use Class 6. 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.

3. Special Hotel Occupancy Tax

Commencing with the Commencement Date and for each following Fiscal Year through the Termination Date, the Special Hotel Occupancy Tax shall be collected from each Parcel of Hotel Property in an amount equal to the product of the Hotel Occupancy Revenues of the Parcel of Hotel Property for that Fiscal Year and the Special Hotel Occupancy Tax Rate.

4. Determination of the Special Tax to be Collected

Commencing with Commencement Date and for each following Fiscal Year, the Special Tax shall be collected as provided below.

**First:** The Special Tax 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, the Special Tax 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 the Special Tax to be collected from each Parcel in conformance with the provisions of this section.

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

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

**D. EXEMPTIONS**

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

**E. MANNER OF COLLECTION**

1. Special Tax

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.

## 2. Special Hotel Occupancy Tax

The SHOT shall be collected in the same manner and at the same time as ordinary hotel occupancy taxes of the County; provided, however, the SHOT 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 SHOT shall be secured in the same manner as ordinary hotel occupancy taxes and shall be subject to the same penalties and enforcement procedures in case of a delinquency as is provided for County hotel occupancy taxes.

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

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be collected from any Parcel after the earlier of (i) the repayment or defeasance of the Bonds, (ii) the thirtieth (30th) Fiscal Year in which such Parcel was taxed as Developed Property, and (iii) such time provided for by the Indenture of Trust.

### **G. REDUCTION IN THE MAXIMUM SPECIAL TAX RATE**

The Maximum Special Tax Rates may be reduced by the Supervisor once all of the Bonds are issued to reflect the actual debt service on the Bonds such that 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 Supervisor shall make any reduction in writing and shall provide a copy of such reduction to the Administrator and the Trustee.

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

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Supervisor 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 Supervisor, or the designee of the Supervisor, 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 Supervisor 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 Supervisor may be appealed to the County Executive, 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.

## I. PREPAYMENT OF SPECIAL TAX

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 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, plus any delinquent Special Taxes 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 District Maximum Special Tax 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 Taxes collected in the corresponding Fiscal Year plus any additional Bonds authorized to be issued net of costs associated with the issuance of such Bonds.

**Premium** means an amount equal to the Principal multiplied by the applicable redemption premium, if any, for the Bonds 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 the Bonds.

**Defeasance** means the amount needed to pay interest on the Principal until the earliest call date for the Bonds, less (a) the amount that will be received by the Trustee from the reinvestment of the Special Tax prepayment until the 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, 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 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.

**J. PARTIAL PREPAYMENT OF THE SPECIAL TAX**

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 I; except, however, the principal portion shall be calculated according to the following formula:

$$A = B \times C$$

Where the terms have the following meaning:

- A = the principal portion of the partial prepayment
- B = the principal portion of the prepayment calculated according to Section I
- C = the percent by which the owner of the Parcels is to partially prepay the Special Tax

With respect to any Parcel for which the Special Tax is partially prepaid, the County shall (i) distribute the funds remitted to it by the settlement agent 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.

**K. MANDATORY PREPAYMENT OF SPECIAL TAX**

A Mandatory Prepayment of the Special Tax shall be required for any Parcel of Taxable Property if the Maximum Special Tax for that Parcel is less than the Required Maximum Special Tax. The Maximum Special Tax for the Parcel shall be calculated based on the Maximum Special Tax Rates and the development that is to occur on such Parcel. The development that is to occur on the Parcel shall be based on land use approvals from the County, if available, and if not available, information provided pursuant to any development, funding or other agreement or plan.

The Mandatory Prepayment of Special Tax shall be calculated as set forth in Section I; 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 District Maximum Special Tax
- E = the total principal amount of Bonds outstanding.

The amounts calculated in the preceding formula 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 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 I.

#### **L. ELIMINATION OF THE MANDATORY PREPAYMENT OF SPECIAL TAX**

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

#### **M. AMENDMENTS**

This Second Amended and Restated 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 and to make it available for the payment of the Bonds and Administrative Expenses. No such amendment shall be approved unless and until the County has found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds. Any such amendment may not increase the Maximum Special Tax.

#### **N. INTERPRETATION OF PROVISIONS**

The County shall make all interpretations and determinations related to the application of this Second Amended and Restated 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.

**KINGDOM SQUARE  
SPECIAL TAXING DISTRICT  
PRINCE GEORGE'S COUNTY, MARYLAND  
SPECIAL TAX REPORT**

Prepared By:

**MuniCap, Inc.**

September 13, 2017



**KINGDOM SQUARE  
SPECIAL TAXING DISTRICT  
PRINCE GEORGE’S COUNTY, MARYLAND  
SPECIAL TAX REPORT**

**Purpose of Report**

The Kingdom Square Special Taxing District (the “District”) is being created to facilitate the financing of all or a portion of the costs of public improvements for the District, including costs related to the issuance of the bonds. Bonds are expected to be issued by Prince George’s 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 cost of the improvements, issuance costs, interest on the bonds during construction and for a period after construction, and a 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 reserves 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 Section 10-269 of the Prince George’s County Code, as amended and the Special Taxing District Act, Article 24, Section 9-1301, of the Annotated Code of Maryland (collectively the “Act”), as amended from time to time. The Act requires special taxes to be levied in a manner that is reasonable. This report explains the reasonable basis of the special taxes levied as described in the “Rate and Method of Apportionment of Special Taxes” for the District.

**Description of the Special Taxing District**

The District is located at 9171 Central Avenue, Capitol Heights, Maryland, situated at the southwest corner of the intersection of Interstate 495 and Central Avenue in central Prince George’s County, Maryland. The District is comprised of two tax parcels totaling approximately 24.54 acres; the main parcel totaling 15.70 acres and an adjacent parcel totaling 8.84 acres. A map of the District is shown in Exhibit A.

The tax parcels comprising the District are shown by Table A on the following page.

**Table A**  
**Tax Parcels Comprising the District**

<i>Account No.</i>	<i>Address</i>	<i>Owner</i>	<i>Acreage</i>	<i>Total Value<sup>1</sup></i>
13 2925774	9005 Central Avenue	Sanctuary at Kingdom Sq. Inc.	15.70	\$13,450,030
13 1448661	8909 Central Avenue	CapHeights Central LLC	8.84	\$7,123,900
<b>Total</b>				<b>\$20,573,930</b>
Source: Maryland State Department of Assessments and Taxation.				
<sup>1</sup> Parcel 13-2925774 is partially tax-exempt due to filing status (exempt class 700). As a result, real property taxes are only levied on 49% of the total assessed value (\$24,454,600) equal to \$13,450,030. Source: Maryland State Department of Assessments				

A map illustrating the current tax parcels is shown in Exhibit B, attached hereto.

The property comprised of two tax Districts which are currently owned by The Sanctuary at Kingdom Square, Inc., a Baptist affiliated congregation and CapHeights Central, LLC which is a joint venture between ARC Trust of New Jersey and Velocity Capital, LLC of Capital Heights MD whom are redeveloping both tax parcels. Tax parcel 13 2925774 houses the sanctuary building, formerly an Ames discount department store, acting as a worship center for the Baptist congregation with more than 5,600 members. This tax parcel also includes an existing retail mall comprised of 150,000 square feet of space consisting of community retail such as a fitness center, wine and spirit store, beauty supply store, and an indoor retail mall. Tax parcel 13 1448661 consists of three free-standing restaurant buildings, a local Credit Union, and retail uses such as Enterprise Rental Car, and Dunkin Donuts.

On June 1, 2010, the Prince George's County Council approved Resolution No. CR-49-2010, rezoning the 24.25 acres from the previous Commercial Shopping Center Zone to the Mixed-Use – Transportation Oriented (MXT) Zone. The MXT zoning district allows for residential, retail, office, and hotel uses. A detailed list of permissible uses can be found in the Prince George's County Code, Section 27-547(b). The land use percentages, based on the total gross floor area for residential, retail, and office combined are shown below in Table B.

**Table B**  
**MXT Zone Usage**

<i>Land Use Category</i>	<i>Percent of Gross Floor Area</i>
Residential (minimum of two types)	50-70%
Retail	10-20%
Office/employment	20-40%
<sup>1</sup> GFA may include hotel uses. Hotel use is not included in the residential, retail or office/employment categories for purposes of calculating GFA for percentages of use. There is no percentage restriction applied to the hotel uses. Source: Prince George's County Code, Section 27-544.	

The development of the property in the District is shown by Table C below. This development is consistent with the corresponding zoning guidelines and land use percentages described above.

**Table C**  
**Proposed Development**

<i>Property Type</i>	<i>Area<sup>1</sup></i>			
	<i>Units</i>	<i>SF Per Unit</i>	<i>SF</i>	<i>Rooms</i>
<b><u>Residential</u></b>				
<b><i>For Rent</i></b>				
Apartments	194	1,155	224,000	-
<b><u>Commercial</u></b>				
<b><i>Retail</i></b>				
Pad Sites:				
Displaced	-	-	(3,000)	-
New	-	-	26,000	-
Existing	-	-	3,000	-
Sub-total pad sites			26,000	
Retail strip A	-	-	65,000	-
Retail strip B	-	-	15,000	-
<b><i>County-Owned Office</i></b>	-	-	120,000	-
<b><i>Hotel</i></b>	-	-	81,000	120
<b>Total all development</b>	<b>194</b>		<b>531,000</b>	<b>120</b>

A map showing the site plan for the proposed Hampton Park development is attached hereto as Exhibit C.

**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 the public improvements shown in Table D on the following page:

**Table D**  
**Public Improvements**

<i>Public Improvements</i>	<i>Total Cost</i>
<b><i>Land Costs</i></b>	
Acquisition costs	\$4,000,000
Transfer and recordation costs	\$120,000
<b><i>Site Development</i></b>	
Surface demolition	\$362,000
Demolition of existing structures	\$303,000
Rough grading with import	\$1,316,000
Sediment control and landscaping	\$524,000
Stormwater management (quality only)	\$427,000
Storm drainage	\$524,000
Holding area for compensatory storage	\$381,000
Off site improvements/bike trail/bus shelter/pavilion	\$502,000
Wet utilities (water and sewer)	\$447,000
Unsuitable soil/soil import (flood mitigation)	\$457,000
Relocation of water main	\$189,000
<b><i>Building Hard Costs</i></b>	
Parking garage/surface parking	\$5,000,000
<b><i>Financing and Soft Costs</i></b>	
Total public improvements	\$17,559,800
Less: other sources of funds	(\$6,921,612)
<b>Total TIF Funded Public Improvement Costs</b>	<b>\$10,638,188</b>

Costs may vary from these estimates and the improvements built may be modified from those described herein. A description of these improvements follows:

Land Costs

Costs incurred in connection with or related to the acquisition of land that will be associated with the area needed for the public parking, stormwater management, and the public roads and right-of-way improvements, including all related and financeable costs, such as settlement costs, costs of surveys, environmental reports, and other real estate due diligence, recordation and transfer fees, and other costs expended or to be expended in the acquisition and conveyance of such property. Acquisition costs associated with the land will make available public property for the construction of the necessary public

improvements associated with the development of the project. Land area associated with the applicable land acquisition costs are identified in Exhibit D attached hereto.

#### Site Development

Costs associated with site development include flood plain mitigation, public open space construction, utility work, stormwater management, public pavilion, bus shelter, pedestrian lighting, curbing, sidewalks, landscaping, signage, pavement markings, hardscaping, electrical and telecom duct banks, plantings, and street furniture. These improvements are necessary in providing the proposed development with access to the needed utilities, and will also help provide improved transportation and accessibility for pedestrians.

Costs in connection with flood plain mitigation include onsite compensatory storage, engineering to identify critical flood plain areas, and to design a system to mitigate flood plain risk through the use of underground storage vaults on site. The new buildings on the site plan are being elevated above the flood plain through the use of imported soil (fill). Other costs for the floodplain mitigation include all costs necessary to prepare for construction, including soil work, sediment/erosion control, preparation and installation of fill, initial grading, and contingency. These costs all provide increased flood risk mitigation to the parcels within the District. The stormwater management improvements also include the construction and development of underground storm water maintenance, including all necessary connectors, filters, stabilizers, gauges and other equipment, and contingency. Along with the aforementioned site development costs, these improvements will benefit the parcels within the District by creating a safe and stable environment.

#### Building Hard Costs

Building hard costs include costs necessary to facilitate access and operational capability, construct a new parking structure located adjacent to the County office building, as well as construct surface parking spaces. These costs include the costs of excavation, earthwork, paving, curbing, striping, the installation of equipment and metering, electrical lines and lighting, signage, meeting accessibility requirements, landscaping and planting. While there will be some private parking dedicated to certain owners, the vast majority of the parking garage is expected to be public, which will benefit all property in the District.

#### Financing and Soft Costs

Financing and soft costs include the engineering, design, and other due diligence services, studies, or analyses required with respect or in connection to the public portions of the development as described below, including (but not limited to) environmental studies, ADA compliance designs, storm water management, storm drainage, landscaping, lighting, and traffic and utility studies and design. Financing costs include costs associated with the builder's insurance to mitigate risk, origination fees, accounting

fees, and other miscellaneous financing expenses. These costs are required to construct the public improvements associated with the development of the project.

The public improvements described above are all provided to meet the needs of the property in the District that results from the proposed development of the property. The improvements provide roads, water, sewer, and parking along with necessary site work improvements that will be necessary for the proposed development of the property.

A map showing the proposed public improvements is attached hereto as Exhibit D.

### **Projected Issuance of Bonds**

Bonds are proposed to be issued by the County to finance the costs of the public improvements described above. Bond proceeds will include the costs of constructing improvements, a reserve fund, issuance costs and capitalized interest. Interest income on the bond proceeds will act as a supplement to the bond proceeds before they are fully expended. Table E below shows the estimated sources and uses of funds for the issuance of bonds.

**Table E**  
**Sources and Uses of Funds**

<i>Source and Uses</i>	<i>Bonds</i>
<b>Sources:</b>	
Bond proceeds	\$16,000,000
Interest	\$0
<b>Total sources of funds</b>	<b>\$16,000,000</b>
<b>Uses:</b>	
Public improvement costs	\$10,638,188
Issuance costs	\$350,000
Underwriter's discount	\$320,000
Capitalized interest	\$3,091,812
Reserve fund	\$1,600,000
Rounding	\$0
<b>Total uses of funds</b>	<b>\$16,000,000</b>

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, trustee's counsel, County expenses, document printing costs and other miscellaneous costs related to the issuance of bonds.

Capitalized interest on the bonds fund the interest on the bonds for up to three years to allow time for the infrastructure improvements and other property in the District to be constructed, for 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 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 reserve fund are invested and the income is applied to the annual debt service on the bonds. The reserve fund itself will eventually be applied to the repayment of the bonds.

### **Projected Debt Service and Administrative Expenses**

A schedule showing projected debt service and administrative expenses is attached to this report as Exhibit E. One series of bonds is assumed to be issued, with the bonds being repaid over thirty 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 6.25% percent per year.

Estimated administrative expenses are included in Exhibit E, 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 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

The property in the District will receive a special benefit from the public improvements to be provided as a result of the District. The public infrastructure will provide road access to, from and within the property in the District, extend water, sewer, and utilities through the property in the District, and provide parking to meet the demands of the property in the District. These improvements are required for the proposed use of the property as described above and are being provided specifically for this use for the property within the District. Accordingly, the public improvements to be provided as a result of the District provide a special benefit to the property in the District.

The special benefit of the public improvements to be provided as a result of the District will be equal to or greater than the cost of the special taxes levied on the property. The value of special benefit is confirmed by two means. First, the owner of the property in the District has requested that the County impose special taxes on the property for the purpose of providing 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 infrastructure 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 vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Fourth Edition.*) The four criteria for highest and best use are (i) legal permissibility, (ii) physical possibility, (iii) financial feasibility, and (iv) maximum productivity.

The owner of the property 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 developer is understandably interested in maximizing its return on the property. Based on this analysis, the highest and best use of the property, including any costs required for that use, is the proposed uses for the property as described herein. This use of the property will require the public improvements as described herein to be provided as result of the District. Without these improvements, the proposed use of the property would not be physically possible or adequately supported and, as a result, the property could not be put to its highest and best use.

The financing provided by the special tax district is long-term financing and pays interest to the bond holders that is exempt from income taxes, resulting in a lower rate than other available financing on comparable terms. The special taxes also help to make available tax increment financing for the bonds (that is, the bonds will be repaid from the increase in property taxes as well as from special taxes). As a result of these advantages, 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 and this special benefit is greater than the special taxes for the following reasons:

1. The public improvements to be provided as a result 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 public improvements to be provided as a result of the District will be equal to or greater than the special taxes to be imposed on the property in the District.

#### Special Taxes Required to Repay the Bonds

As shown on Exhibit E, maximum special taxes are levied in an amount of \$1,133,000 following the commencement date to meet the County's obligation to provide for the payment of debt service on bonds issued to fund the improvements to be provided by the District, including appropriate debt service coverage. The maximum special taxes include debt service coverage of an additional ten percent, which may also be used to replenish the debt service reserve fund, if necessary. Special taxes also cover estimated administrative expenses of the district.

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 the maximum special tax to be reduced based on the actual debt service on the bonds, so that the special taxes actually collected do not exceed the amount necessary to repay the bonds and to pay related administrative expenses.

The maximum special tax on all of the property in the District is set in a manner consistent with the estimate of the annual debt service on the bonds to be issued to finance the public improvements that provide a special benefit plus the required debt service coverage and administrative expenses related to the bonds. Special taxes are therefore set in a reasonable manner.

Allocation of Special Taxes to Parcels

*Developed Property*

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. The benefit received by each parcel of redeveloped property is estimated on the basis of the estimated future value of the property. The purpose of the improvements to be provided by 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, as one reason for the redevelopment is to increase the values of the property in the District.

For purposes of estimating future value (and therefore benefit), developed property is classified into one of six categories, defined as rental residential, existing retail pads, new retail pads and retail strip A, office, hotel, and retail strip B. The average estimated value of property within each class is shown by Table F below.

Special taxes are allocated to property in each class based on the relative estimated future value of property within each class. This calculation is made using equivalent unit factors. The purpose of equivalent unit factors is to equate the benefit of one class to another class. Since benefit is based on estimated future values, the equivalent unit factors are based on the estimated future value of each class. These factors are shown in Table F.

**Table F**  
**Land Use Class and**  
**Equivalent Unit Factors**

<i>Land Use Class</i>	<i>Classification</i>	<i>Estimated Assessed Value<sup>1</sup></i>	<i>Measurement</i>	<i>Equivalent Unit Factor<sup>2</sup></i>
Land Use Class 1	Rental Residential	\$164,024	Per Unit	1.00
Land Use Class 2	Existing Retail Pads	\$110,231	Per 1,000 SF	0.67
Land Use Class 3	New Retail Pads and Retail Strip A	\$272,234	Per 1,000 SF	1.66
Land Use Class 4	Office	\$190,801	Per 1,000 SF	1.16
Land Use Class 5 <sup>3</sup>	Hotel	\$425,063	Per Room	2.59
Land Use Class 6	Retail Strip B	\$176,236	Per 1,000 SF	1.07

<sup>1</sup>See Exhibit F.

<sup>2</sup>EU factors including rounding.

<sup>3</sup>Represents the assessed value necessary to generate the combined real property tax revenues per room (\$1,475), hotel occupancy tax revenues per room (\$1,824), and special hotel occupancy tax revenues per room (\$782) using the current real property tax levy. This is calculated as  $\$425,063 \times 0.96\% = \$4,081$ .

The total number of equivalent units within the project is shown by Table G below.

**Table G**  
**Total of Equivalent Units**

<i>Land Use Class</i>	<i>Proposed Development</i>	<i>Equivalent Unit Factors</i>	<i>Total Equivalent Units</i>
	<i>(units)</i>	<i>(per unit)</i>	
Land Use Class 1	194	1.00	194
	<i>(1,000's of sf)</i>	<i>(per 1,000 sf)</i>	
Land Use Class 2	23	0.67	15
Land Use Class 3	68	1.66	113
Land Use Class 4	120	1.16	140
Land Use Class 6	15	1.07	16
	<i>(rooms)</i>	<i>(per room)</i>	
Land Use Class 5	120	2.59	311
<b>Total</b>			<b>789</b>

Table H below shows the derivation of the special tax per equivalent unit based on the total obligations of the District, as shown in Exhibit E, and the number of equivalent units as shown in Table G.

**Table H**  
**Maximum Special Tax**  
**Per Equivalent Units**

Total equivalent units	789
Estimated net debt service (2023-2024)	\$1,092,497
Maximum Special Tax per equivalent unit	\$1,385

Table I below shows the Maximum Special Tax within each land use class based on the special tax per equivalent unit factor shown in Table H and the equivalent unit factor.

**Table I**  
**Maximum Special Tax Per Land Use Class**

<i>Land Use Class</i>	<i>Maximum Special Tax Per Equivalent Unit</i>	<i>Equivalent Unit Factors</i>	<i>Maximum Special Tax Per Unit/1,000 BSF/Room</i>
Land Use Class 1	\$1,385	1.00	\$1,385
Land Use Class 2	\$1,385	0.67	\$931
Land Use Class 3	\$1,385	1.66	\$2,298
Land Use Class 4	\$1,385	1.16	\$1,611
Land Use Class 5	\$1,385	2.59	\$3,588
Land Use Class 6	\$1,385	1.07	\$1,488

*Undeveloped Property*

The special taxes allocated to undeveloped property are equal to the maximum special taxes for the District less the maximum special taxes 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 taxes on undeveloped property are based on the development expected to occur on the undeveloped property.

That is, the maximum special taxes on developed property are 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 taxes are 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.

All of the property within the District is within the same zoning classification. The type of development that will occur on a parcel of undeveloped property may represent any of the classes of developed property. As a result, special taxes are not allocated by class to parcels of undeveloped property, and are instead, allocated on the basis of the area of each parcel. Since each parcel of undeveloped property may be developed with any of the land use classes, allocating special taxes to undeveloped property on the basis of area most fairly allocates the special taxes to parcels of undeveloped property.

### *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 is the lesser of (i) the maximum special tax and (ii) the maximum special tax less the tax increment revenues related to each parcel available to repay the bonds and the County hotel occupancy tax revenues available to repay the bonds. The tax increment revenues represent the increase in property taxes that results from the development of the property. The County hotel occupancy tax revenues represent the hotel taxes that results from the development of the hotel property. A portion of the real property tax increment and County hotel tax revenues will be applied to the repayment of the bonds issued to finance the public improvements to be provided by the District. To the extent property produces tax increment revenues and hotel tax 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 taxes effectively cover each property's share of the cost of the public improvements not otherwise covered by the property's tax increment revenues and hotel tax revenues.

### **Summary of Reasonable Basis of the Special Taxes**

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

1. The property within the District will receive a special benefit from the 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 in a manner that 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**

Kingdom Square Special Taxing District



**Exhibit B**

Tax Parcels Comprising the District



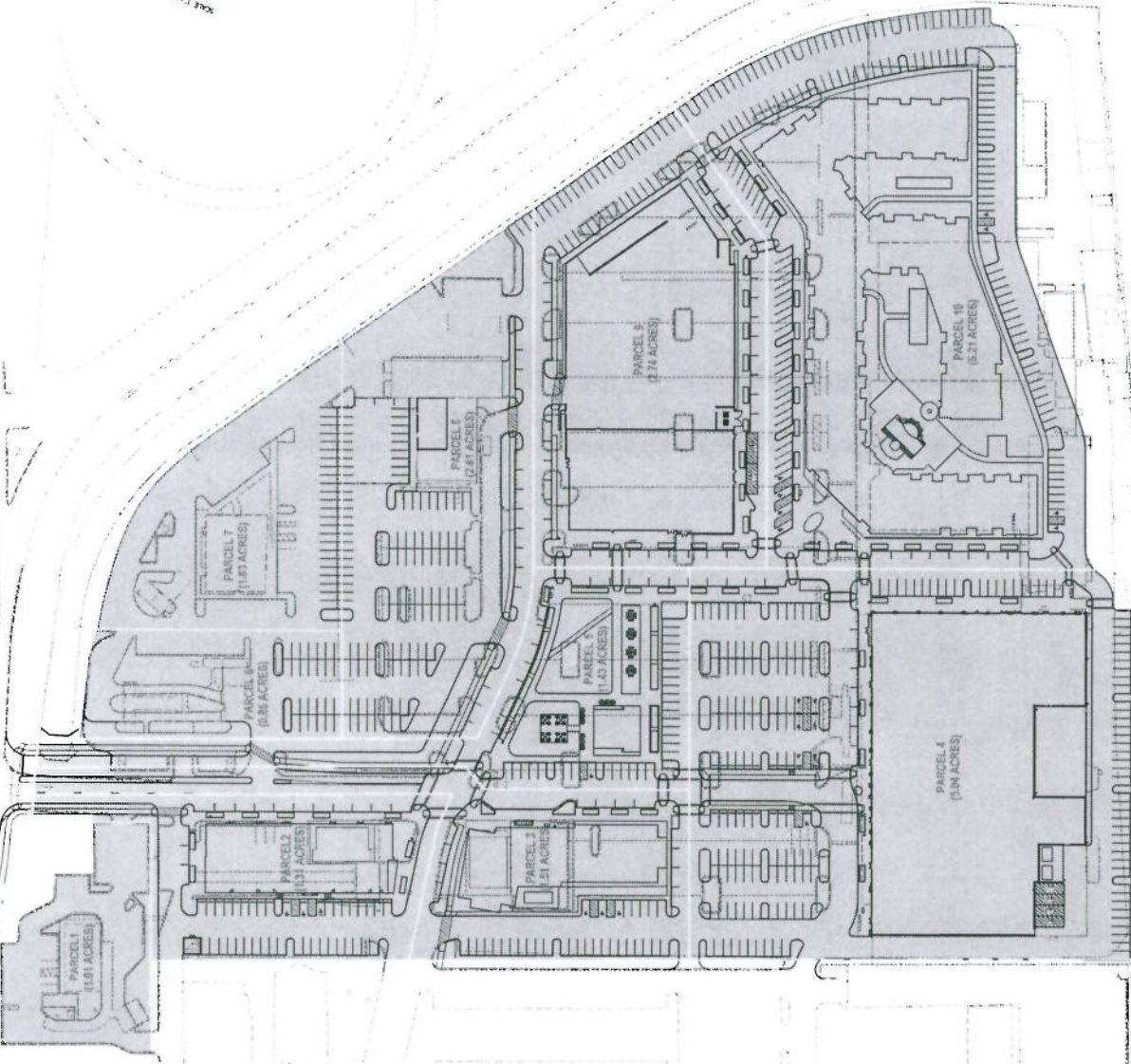


**Exhibit C**

Kingdom Square Site Plan



PARCEL ID	TOTAL PARCEL AREA	TOTAL PARCEL PERCENTAGE	DEVELOPMENT AREA	DEVELOPMENT AREA %
PARCEL 01	1.01 ACRES	06.5%	0.71 ACRES	03.4%
PARCEL 02	1.31 ACRES	05.0%	1.29 ACRES	08.3%
PARCEL 03	1.51 ACRES	05.7%	1.51 ACRES	07.3%
PARCEL 04	3.04 ACRES	19.1%	4.62 ACRES	22.4%
PARCEL 05	1.43 ACRES	05.4%	1.42 ACRES	05.9%
PARCEL 06	1.86 ACRES	07.1%	0.74 ACRES	03.6%
PARCEL 07	1.83 ACRES	06.9%	1.23 ACRES	05.0%
PARCEL 08	2.14 ACRES	10.4%	2.59 ACRES	12.2%
PARCEL 09	6.21 ACRES	28.3%	4.31 ACRES	20.5%
TOTAL	26.35 ACRES	100%	20.63 ACRES	100%



**LOT EXHIBIT**

**DEVELOPMENT AREA**

**HAMPTON PARK**

4847 FARM LANE, NEW MARKET, PRINCE GEORGE COUNTY, MARYLAND

**OWNER/DEVELOPER/APPLICANT**

SOLTESZ, LLC

1800 Spring Boulevard, Suite 200  
 Annapolis, MD 20708  
 P: 301.794.1555 F: 301.794.3566

**PREPARED BY:** SOLTESZ, LLC

**DATE:** 10/15/2019

**SCALE:** 1" = 100'

**REVISIONS:**

NO.	DATE	DESCRIPTION
1	10/15/2019	ISSUED FOR PERMITTING

**NOTES:**

1. ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY. THE APPLICANT IS RESPONSIBLE FOR VERIFYING THE LOCATION AND DEPTH OF ALL UTILITIES PRIOR TO CONSTRUCTION.

2. THE DEVELOPMENT AREA IS SHOWN IN SHADING. THE UNSHADDED AREAS ARE RESERVED FOR FUTURE DEVELOPMENT.

3. THE TOTAL DEVELOPMENT AREA IS 20.63 ACRES, WHICH IS 78% OF THE TOTAL PARCEL AREA OF 26.35 ACRES.

**Exhibit D**

Public Improvement Map

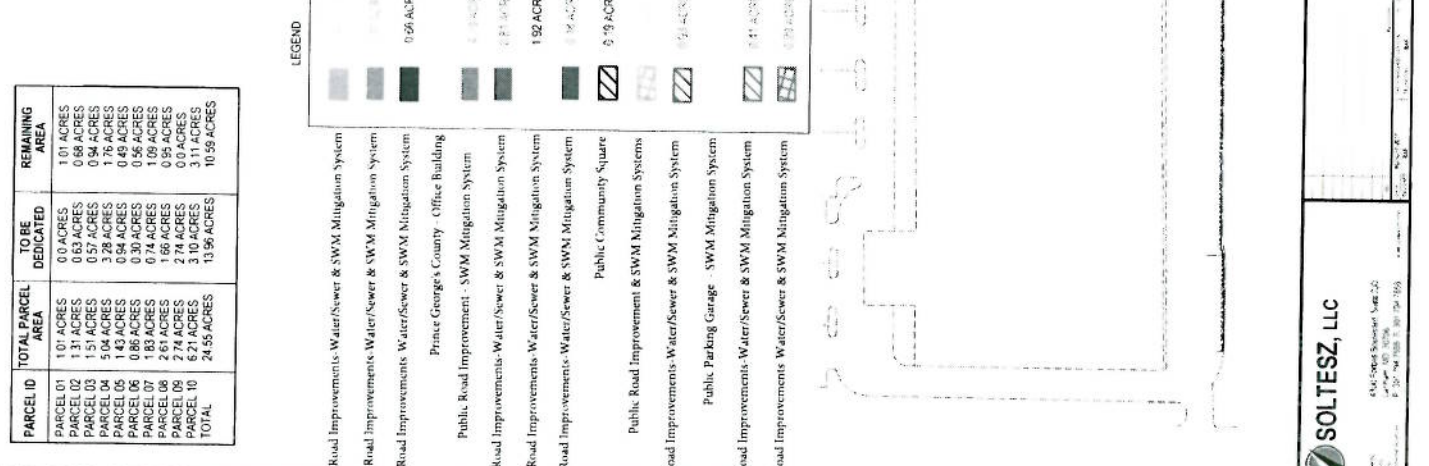
# Exhibit D Public Improvement Map

PARCEL ID	TOTAL PARCEL AREA	TO BE DEDICATED	REMAINING AREA
PARCEL 01	1.01 ACRES	0.0 ACRES	1.01 ACRES
PARCEL 02	1.31 ACRES	0.63 ACRES	0.68 ACRES
PARCEL 03	1.57 ACRES	0.57 ACRES	0.94 ACRES
PARCEL 04	5.04 ACRES	3.28 ACRES	1.76 ACRES
PARCEL 05	0.86 ACRES	0.86 ACRES	0.0 ACRES
PARCEL 06	0.86 ACRES	0.86 ACRES	0.0 ACRES
PARCEL 07	1.83 ACRES	0.74 ACRES	1.09 ACRES
PARCEL 08	2.63 ACRES	1.66 ACRES	0.97 ACRES
PARCEL 09	2.74 ACRES	2.74 ACRES	0.0 ACRES
PARCEL 0A	6.71 ACRES	3.10 ACRES	3.61 ACRES
PARCEL 10	24.55 ACRES	13.96 ACRES	10.59 ACRES
TOTAL			

## LEGEND

[Shaded Box]	0.0 ACRES
[Shaded Box]	0.26 ACRES
[Shaded Box]	0.27 ACRES
[Shaded Box]	0.27 ACRES
[Shaded Box]	1.92 ACRES
[Shaded Box]	1.9 ACRES
[Shaded Box]	0.19 ACRES
[Hatched Box]	0.19 ACRES
[Hatched Box]	0.1 ACRES
[Hatched Box]	0.03 ACRES

- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Prince George's County - Office Building
- Public Road Improvement - SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Road Improvement & SWM Mitigation Systems
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Parking Garage - SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System
- Public Road Improvements - Water/Sewer & SWM Mitigation System



**AREA EXHIBIT**

DEVELOPMENT AREA

**HAMPTON PARK**

**MSS UTILITY NOTE**

EXISTING UTILITY LINES ARE SHOWN BY DASHED LINES. ALL UTILITY LINES ARE TO BE DELETED EXCEPT FOR EXISTING WATER, SEWER, GAS, AND ELECTRIC LINES.

ALL NEW UTILITY LINES ARE TO BE SHOWN BY SOLID LINES.

ALL UTILITY LINES ARE TO BE INSTALLED AT THE PROPER DEPTHS AND SPACINGS AS SHOWN ON THIS PLAN.

ALL UTILITY LINES ARE TO BE INSTALLED IN ACCORDANCE WITH ALL APPLICABLE CODES AND REGULATIONS.

**OWNER DEVELOPMENT PLAN**

CONTRACT NO. 2023-001

DATE: 10/15/2023

SCALE: 1/8" = 1'-0"

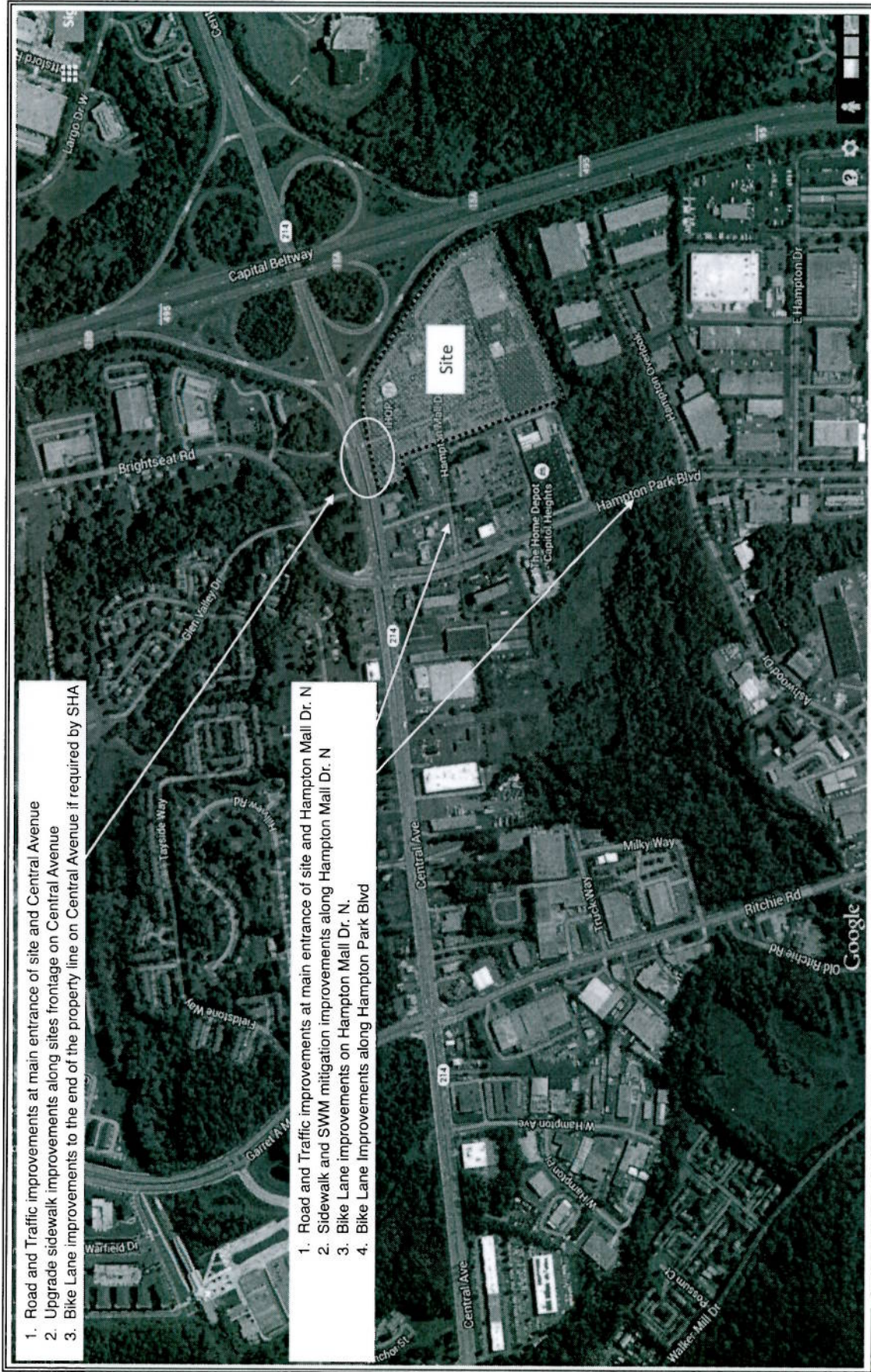
DRAWN BY: [Name]

CHECKED BY: [Name]

APPROVED BY: [Name]

**SOLTESZ, LLC**

600 Spring Street, Suite 200  
Arlington, VA 22202  
703-670-1800



- 1. Road and Traffic improvements at main entrance of site and Central Avenue
  - 2. Upgrade sidewalk improvements along sites frontage on Central Avenue
  - 3. Bike Lane improvements to the end of the property line on Central Avenue if required by SHA
- 
- 1. Road and Traffic improvements at main entrance of site and Hampton Mall Dr. N
  - 2. Sidewalk and SWM mitigation improvements along Hampton Mall Dr. N
  - 3. Bike Lane improvements on Hampton Mall Dr. N.
  - 4. Bike Lane Improvements along Hampton Park Blvd

Public Improvement Map  
 Off Site Improvement

Site Location Map  
 Hampton Park

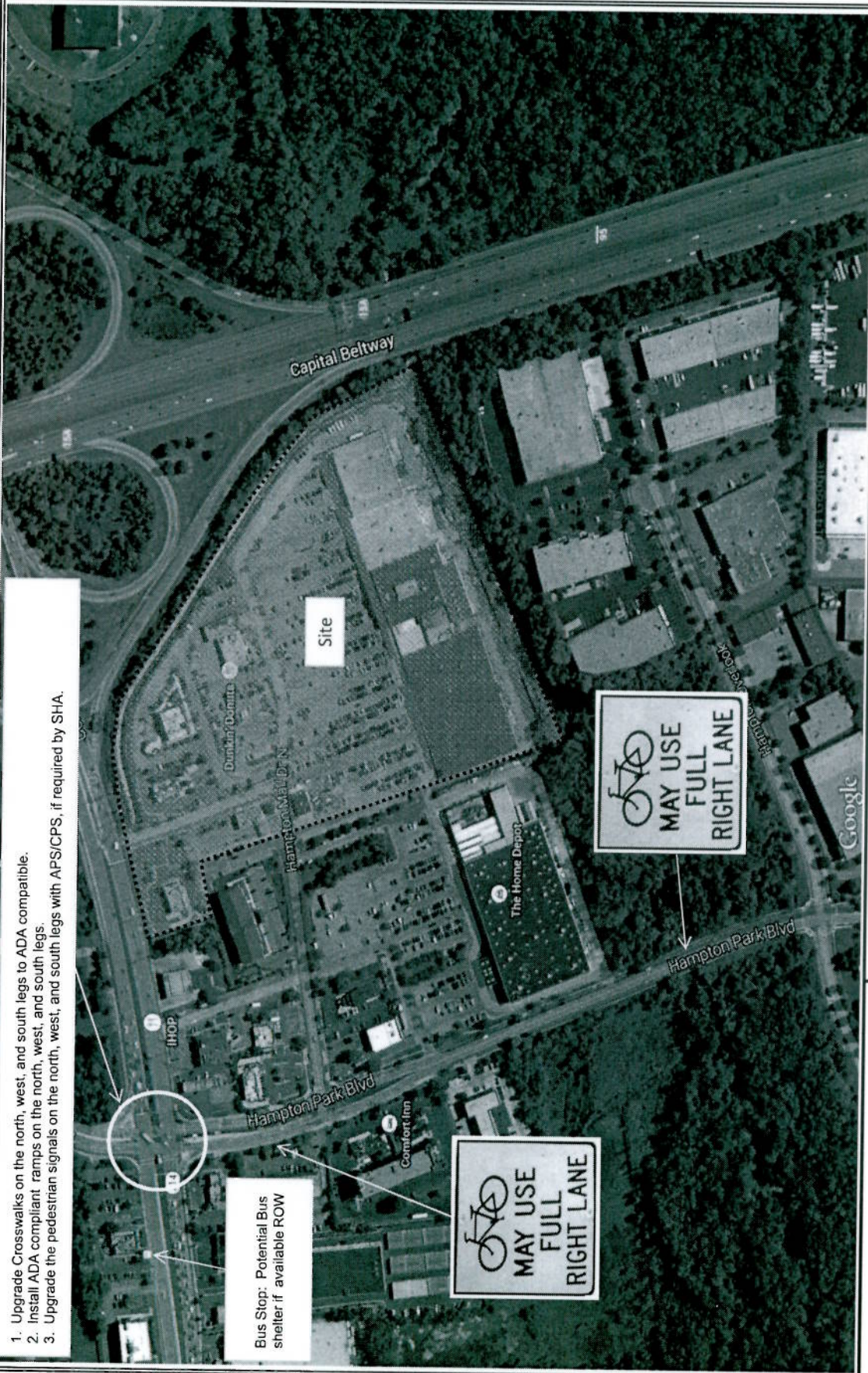
1. Upgrade Crosswalks on the north, west, and south legs to ADA compatible.
2. Install ADA compliant ramps on the north, west, and south legs.
3. Upgrade the pedestrian signals on the north, west, and south legs with APS/CPS, if required by SHA.

Bus Stop: Potential Bus shelter if available ROW

Site

 MAY USE FULL RIGHT LANE

 MAY USE FULL RIGHT LANE



Public Improvement Map  
Off Site Improvement

Site Location Map  
Hampton Park

Exhibit  
3

**Exhibit E**

Special Tax Obligation



**Hampton Park**  
**Prince George's County, Maryland**

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

Tax Year Beginning	Bond Year Ending	Gross Debt Service	District Operations	Total Gross Annual Obligations
1-Jul-18	1-Jul-19	\$1,000,000	\$30,000	\$1,030,000
1-Jul-19	1-Jul-20	\$1,000,000	\$30,600	\$1,030,600
1-Jul-20	1-Jul-21	\$1,000,000	\$31,212	\$1,031,212
1-Jul-21	1-Jul-22	\$1,018,000	\$31,836	\$1,049,836
1-Jul-22	1-Jul-23	\$1,038,875	\$32,473	\$1,071,348
1-Jul-23	1-Jul-24	\$1,059,375	\$33,122	\$1,092,497
1-Jul-24	1-Jul-25	\$1,080,438	\$33,785	\$1,114,222
1-Jul-25	1-Jul-26	\$1,101,938	\$34,461	\$1,136,398
1-Jul-26	1-Jul-27	\$1,123,750	\$35,150	\$1,158,900
1-Jul-27	1-Jul-28	\$1,146,750	\$35,853	\$1,182,603
1-Jul-28	1-Jul-29	\$1,169,750	\$36,570	\$1,206,320
1-Jul-29	1-Jul-30	\$1,192,625	\$37,301	\$1,229,926
1-Jul-30	1-Jul-31	\$1,217,250	\$38,047	\$1,255,297
1-Jul-31	1-Jul-32	\$1,241,375	\$38,808	\$1,280,183
1-Jul-32	1-Jul-33	\$1,265,875	\$39,584	\$1,305,459
1-Jul-33	1-Jul-34	\$1,291,563	\$40,376	\$1,331,939
1-Jul-34	1-Jul-35	\$1,317,188	\$41,184	\$1,358,371
1-Jul-35	1-Jul-36	\$1,343,563	\$42,007	\$1,385,570
1-Jul-36	1-Jul-37	\$1,370,438	\$42,847	\$1,413,285
1-Jul-37	1-Jul-38	\$1,397,563	\$43,704	\$1,441,267
1-Jul-38	1-Jul-39	\$1,425,688	\$44,578	\$1,470,266
1-Jul-39	1-Jul-40	\$1,454,500	\$45,470	\$1,499,970
1-Jul-40	1-Jul-41	\$1,483,688	\$46,379	\$1,530,067
1-Jul-41	1-Jul-42	\$1,512,938	\$47,307	\$1,560,244
1-Jul-42	1-Jul-43	\$1,542,938	\$48,253	\$1,591,191
1-Jul-43	1-Jul-44	\$1,574,313	\$49,218	\$1,623,531
1-Jul-44	1-Jul-45	\$1,605,625	\$50,203	\$1,655,828
1-Jul-45	1-Jul-46	\$1,637,500	\$51,207	\$1,688,707
1-Jul-46	1-Jul-47	\$1,670,500	\$52,231	\$1,722,731
1-Jul-47	1-Jul-48	\$1,702,125	\$53,275	\$1,755,400
<b>Total</b>		<b>\$38,986,125</b>	<b>\$1,217,042</b>	<b>\$40,203,167</b>

**Hampton Park**  
**Prince George's County, Maryland**

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

				Maximum adjusted gross annual debt service		<b>\$1,030,000</b>
				Required debt service coverage		110%
				Maximum special tax (commencement date)		\$1,133,000
Tax Year Beginning	Bond Year Ending	Total Gross Annual Obligations (Schedule E-1)	Increase Factor	Adjusted Gross Annual Obligation	Maximum Special Tax	Gross Debt Service Coverage
1-Jul-18	1-Jul-19	\$1,030,000	1.00	\$1,030,000	\$1,133,000	110%
1-Jul-19	1-Jul-20	\$1,030,600	1.02	<b>\$1,010,392</b>	\$1,155,660	112%
1-Jul-20	1-Jul-21	\$1,031,212	1.04	\$991,169	\$1,178,773	114%
1-Jul-21	1-Jul-22	\$1,049,836	1.06	\$989,284	\$1,202,349	115%
1-Jul-22	1-Jul-23	\$1,071,348	1.08	\$989,760	\$1,226,396	114%
1-Jul-23	1-Jul-24	\$1,092,497	1.10	\$989,509	\$1,250,924	115%
1-Jul-24	1-Jul-25	\$1,114,222	1.13	\$989,398	\$1,275,942	115%
1-Jul-25	1-Jul-26	\$1,136,398	1.15	\$989,303	\$1,301,461	115%
1-Jul-26	1-Jul-27	\$1,158,900	1.17	\$989,110	\$1,327,490	115%
1-Jul-27	1-Jul-28	\$1,182,603	1.20	\$989,549	\$1,354,040	114%
1-Jul-28	1-Jul-29	\$1,206,320	1.22	\$989,602	\$1,381,121	114%
1-Jul-29	1-Jul-30	\$1,229,926	1.24	\$989,184	\$1,408,743	115%
1-Jul-30	1-Jul-31	\$1,255,297	1.27	\$989,793	\$1,436,918	114%
1-Jul-31	1-Jul-32	\$1,280,183	1.29	\$989,623	\$1,465,656	114%
1-Jul-32	1-Jul-33	\$1,305,459	1.32	\$989,375	\$1,494,969	115%
1-Jul-33	1-Jul-34	\$1,331,939	1.35	\$989,650	\$1,524,869	114%
1-Jul-34	1-Jul-35	\$1,358,371	1.37	\$989,500	\$1,555,366	115%
1-Jul-35	1-Jul-36	\$1,385,570	1.40	\$989,522	\$1,586,474	114%
1-Jul-36	1-Jul-37	\$1,413,285	1.43	\$989,525	\$1,618,203	114%
1-Jul-37	1-Jul-38	\$1,441,267	1.46	\$989,330	\$1,650,567	115%
1-Jul-38	1-Jul-39	\$1,470,266	1.49	\$989,447	\$1,683,578	115%
1-Jul-39	1-Jul-40	\$1,499,970	1.52	\$989,644	\$1,717,250	114%
1-Jul-40	1-Jul-41	\$1,530,067	1.55	\$989,707	\$1,751,595	114%
1-Jul-41	1-Jul-42	\$1,560,244	1.58	\$989,438	\$1,786,627	115%
1-Jul-42	1-Jul-43	\$1,591,191	1.61	\$989,277	\$1,822,359	115%
1-Jul-43	1-Jul-44	\$1,623,531	1.64	\$989,592	\$1,858,807	114%
1-Jul-44	1-Jul-45	\$1,655,828	1.67	\$989,488	\$1,895,983	115%
1-Jul-45	1-Jul-46	\$1,688,707	1.71	\$989,349	\$1,933,902	115%
1-Jul-46	1-Jul-47	\$1,722,731	1.74	\$989,493	\$1,972,580	115%
1-Jul-47	1-Jul-48	\$1,755,400	1.78	\$988,488	\$2,012,032	115%
<b>Total</b>		<b>\$40,203,167</b>			<b>\$45,963,634</b>	

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11-Sep-17

**Exhibit F**

Estimated Land Use Class Assessed Values

**Hampton Park**  
**Prince George's County, Maryland**

Exhibit F-1: Estimated Land Use Class Values

Property Type	Land Use Class	Area <sup>1</sup>		Rooms	Market Value <sup>2</sup>		Per Room	Per Unit/1,000 SF/Room	Total Market Value at Full Build-Out
		Units	GSF Per Unit/Room		Per Unit	Per GSF			
<b>Residential</b>									
<i>For Rent</i>									
Apartments	Class 1	194	1,155	224,000	-	\$164,024	-	\$164,024	\$31,820,664
<b>Commercial</b>									
Pad Sites: <sup>3</sup>									
Displaced	Class 2	-	-	13,000	-	-	-	\$110	(\$3,301,693)
Existing	Class 2	-	-	26,000	-	-	-	\$110	\$2,866,003
New	Class 3	-	-	3,000	-	-	-	\$272	\$816,703
Sub-total pad sites				26,000					\$3,352,013
County owned office <sup>4</sup>	Class 4	-	-	120,000	-	-	-	\$0	\$0
Hotel <sup>5</sup>	Class 5	-	675	81,000	120	-	\$153,594	\$153,594	\$18,431,272
In-line retail to remain/redevelop <sup>6</sup>									
Retail strip A	Class 3	-	-	65,000	-	-	-	\$272	\$17,695,222
Retail strip B	Class 6	-	-	15,000	-	-	-	\$176	\$2,643,538
<b>Total all development</b>		<b>194</b>		<b>531,000</b>	<b>120</b>				<b>\$73,942,709</b>

*Manit Corp, Inc* 12-Sep-17

<sup>1</sup> Provided by Velocity Capital, LLC

<sup>2</sup> See Schedule VI

<sup>3</sup> Assumes 26,000 square feet of existing pad sites exist currently. Estimated to have 3,000 square feet displaced in 2018, which will then be replaced with the hotel. Based on discussions with the Velocity Capital, LLC, a new 3,000 square feet retail plaza pad will then be built to bring the total retail pad square feet back to 26,000 square feet.

<sup>4</sup> County owned office will be exempt. As a result, no value is shown.

<sup>5</sup> Does not include the assessed value to generate the hotel tax revenues. To estimate the assessed value for purposes of calculating the equivalent unit factor, the total assessed value is \$425,063 and represents the assessed value necessary to generate the combined real property tax revenues per room (\$1,475), hotel occupancy tax revenues per room (\$1,824), and special hotel occupancy tax revenues per room (\$782) using the current real property tax levy. This is calculated as \$425,063 x 0.96% = \$4,081.

<sup>6</sup> Assumes 80,000 square feet of the existing retail will remain and be redeveloped. Estimated redevelopment is assumed to be complete as of 2018.

***Hampton Park***  
***Prince George's County, Maryland***

Exhibit F-2: Comparison of Valuation Methods<sup>1</sup>

Property Type	Comparables <sup>2</sup>	Income Capitalization <sup>3</sup>
<b><i><u>Residential</u></i></b>		
<b><i>For Rent</i></b>		
Apartments:		
Per SF	\$184.87	<b><i><u>\$142.06</u></i></b>
Per unit	\$174,409.45	\$164,024.04
<b><i><u>Commercial</u></i></b>		
Pad-site:		
Existing Per SF	<b><i><u>\$110.23</u></i></b>	\$203.57
New Per SF	<b><i><u>\$272.23</u></i></b>	\$203.57
Office:		
Per SF	<b><i><u>\$190.80</u></i></b>	-
Hotel:		
Per room	<b><i><u>\$153,593.93</u></i></b>	\$183,608.22
Per SF	\$212.39	-
Retail strip A:		
Existing Per SF	<b><i><u>\$110.23</u></i></b>	-
New Per SF	<b><i><u>\$272.23</u></i></b>	\$142.80
Retail strip B:		
Existing Per SF	<b><i><u>\$110.23</u></i></b>	-
New Per SF	<b><i><u>\$176.24</u></i></b>	\$336.55

MuniCap, Inc.

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

<sup>2</sup>See Exhibits F-3(a) and F-3(b).

<sup>3</sup>See Exhibits F-4(a) and F-4(b).

**Hampton Park**  
**Prince George's County, Maryland**

Exhibit F-3(a). Projected Market Value (Residential Comparables)

Type	PIN #	Year Built	Address	County	Land	Assessed Value <sup>1</sup>		Units	Area		Assessed Value	
						Improvements	Total		Gross SF	Per Unit	Per GSF	
<b>Residential</b>												
Apartments												
Post Park <sup>2</sup>	17 3716982	-	3300 East West Highway	Prince George's	\$4,443,100	\$58,502,300	\$62,945,400	396	418,127	\$158,953	\$151	
Mosaic at Metro <sup>2</sup>	17 3799616	2009	6210 Belcrest Road	Prince George's	\$3,613,300	\$47,568,900	\$51,182,200	247	307,686	\$207,215	\$166	
Camden College Park <sup>2</sup>	01-3632965/01-3633013	2007	9600 Milestone Way	Prince George's	\$18,415,100	\$70,184,900	\$88,600,000	508	479,258	\$174,409	\$185	
Sub-total					\$26,471,500	\$176,256,100	\$202,727,600	1,151	1,205,071	\$180,193	\$168	

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<sup>1</sup>Source: Maryland State Department of Assessments and Taxation

<sup>2</sup>Additional information required regarding parking

**Hampton Park  
Prince George's County, Maryland**

**Exhibit F-3(b): Projected Market Value (Commercial Comparables)**

Type	PIN #	Year Built	Address	County	Land	Assessed Value <sup>1</sup>		Area		Assessed Value		
						Improvements	Total	Gross SF	Rooms	Per GSF	Per Room	
<b>Commercial</b>												
<b>In-Line Retail/Pads</b>												
In-line retail <sup>2</sup>	21 2290427	2003	5506 Cherrywood Lane	Prince George's	\$359,900	\$3,202,000	\$3,561,900	13,260	-	-	\$269	
In-line retail <sup>3</sup>	21 3861978	2004	6040 Greenbelt Road	Prince George's	\$1,049,400	\$1,529,500	\$2,578,900	11,944	-	-	\$216	
In-line retail <sup>4</sup>	14 1675446	2001	9900 Greenbelt Road	Prince George's	\$1,430,900	\$7,082,200	\$8,513,100	25,629	-	-	\$332	
Sub-total					\$2,840,200	\$11,813,700	\$14,653,900	50,833	-	-	<u>\$372</u>	
<b>Grocery</b>												
Aldi	06 3864824	2002	6301 Marlboro Pike	Prince George's	\$1,611,800	\$1,162,900	\$2,774,700	16,792	-	-	\$165	
Safeway	07 3324282	2002	4101 Northview Drive	Prince George's	\$5,317,400	\$5,837,300	\$11,154,700	65,928	-	-	\$169	
Wegmans	13 4018099	2010	9001 McHugh Drive	Prince George's	\$7,100,200	\$18,273,800	\$25,374,000	130,610	-	-	\$194	
Sub-total					\$14,029,400	\$25,274,000	\$39,303,400	213,330	-	-	<u>\$176</u>	
<b>Office</b>												
Office	17 3378080	2003	3311 Toledo Road	Prince George's	\$659,900	\$15,430,100	\$16,090,000	188,019	-	-	\$86	
Office	19 3733771	2009	5850 University Research Court	Prince George's	\$4,197,500	\$28,637,900	\$32,835,400	120,636	-	-	\$272	
Office	19 3733763	2007	5825 University Research Court	Prince George's	\$4,098,200	\$18,724,900	\$22,823,100	120,000	-	-	\$190	
Office	19 2822633	1995	4700 River Road	Prince George's	\$6,526,600	\$66,119,800	\$72,646,400	337,500	-	-	\$215	
Sub-total					\$15,482,200	\$128,912,700	\$144,394,900	766,155	-	-	<u>\$191</u>	
<b>Hotel</b>												
Hilton Garden Inn	21 3258746	2006	7810 Walker Drive	Prince George's	\$1,208,700	\$12,161,300	\$13,370,000	91,602	155	-	\$146	
Hampton Inn & Suites National Harbor	12 3762457	2008	250 Waterfront Street	Prince George's	\$2,219,600	\$31,140,800	\$33,360,400	119,651	151	-	\$279	
Sub-total					\$3,428,300	\$43,302,100	\$46,730,400	211,253	306	-	<u>\$212</u>	
<b>Existing Retail</b>												
Community shopping center (pads/in-line retail)	13 2925774	1970	9005 Central Avenue	Prince George's	\$9,709,400	\$20,544,900	\$30,254,300	274,463	-	-	<u>\$110</u>	
<b>Manicup, Inc.</b>												
											<u>\$153,594</u>	

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<sup>1</sup>Source: Maryland State Department of Assessments and Taxation

<sup>2</sup>Includes, but is not limited to the following shops: Chipotle Mexican Grill, Mattress Warehouse, CVS, and Mission BBQ.

<sup>3</sup>Includes, but is not limited to the following shops: Mattress discounts, FedEx Office, Silver Diner, and Autozone.

<sup>4</sup>Includes, but is not limited to the following shops: Nails Love, Subway, Merchants Tires, Laundry Depot, Danny's Subs, and 7-11.

**Hampton Park**  
**Prince George's County, Maryland**

Exhibit F-4(a): Projected Market Value (Income Capitalization) - Rental and Retail

	Market Rate Apartments	Pad Site	Retail Strip A	Retail Strip B
Net square feet per unit <sup>1</sup>	930			
Monthly rent per square foot <sup>2</sup>	\$1.56			
Monthly rent per unit	\$1,454			
Annual rent per unit	\$17,447			
Annual rent per square foot <sup>2</sup>	\$18.76	\$16.79	\$12.97	\$30.02
Vacancy <sup>2</sup>	5%	0%	5%	5%
Effective rent per square foot	\$17.79	\$16.79	\$12.32	\$28.52
Effective rent per unit	\$16,545.03			
Expense ratio <sup>3</sup>	36%	6%	10%	9%
Expenses	(\$5,890.03)	(\$1.02)	(\$1.26)	(\$2.45)
Net operating income per square foot	\$11.46	\$15.77	\$11.06	\$26.07
Net operating income per unit	\$10,655			
Capitalization rate <sup>4</sup>	5.010%	6.260%	6.260%	6.260%
Tax rate <sup>5</sup>	1.486%	1.486%	1.486%	1.486%
Fully loaded capitalization rate	6.496%	7.746%	7.746%	7.746%
Value per net square foot	\$176.37	\$203.57	\$142.80	\$336.55
Value per unit/per net square footage	\$164,024			
Value per gross square foot	\$142.06	\$203.57	\$142.80	\$336.55

Munic'ap, Inc.

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<sup>1</sup> Assumes net square feet is approximately 93% of gross square foot per unit. Additional information needed.

<sup>2</sup> Assumptions provided by Velocity Capital, LLC.

<sup>3</sup> Apartment expense source: *National Apartment Association 2016 Survey of Operating Income & Expenses in Rental Apartment Communities* for mid and hi-rise master metered properties. Retail rents are assumed to be triple net. Passed through commercial expenses based on information provided by Velocity Capital, LLC.

<sup>4</sup> Capitalization rate represents the mid-Atlantic apartment market and strip shopping center market average overall cap rate for second quarter 2017 as reported in the *Second Quarter 2017 PriceWaterhouseCoopers Real Estate Investor Survey*.

<sup>5</sup> The Maryland State Department of Assessments and Taxation uses a fully-loaded capitalization rate, which is reflected by adding the real property tax rate to the market capitalization rate. As a result, real property taxes are netted out of the assumed expenses shown above. The tax rate assumes real property tax rates of \$0.960 (Prince George's County), \$0.04 (County education), \$0.112 (State of Maryland), \$0.2940 (National Capital Park and Planning Commission), \$0.054 (Stormwater/Chesapeake Bay Water Quality) and \$0.026 (Washington Suburban Transit Commission) per \$100 of assessed value. Real property tax rates used represent the rate for fiscal year 2016-2017 as reported by Prince George's County Office of Finance.



**Hampton Park**  
**Prince George's County, Maryland**

Exhibit F-4(b): Projected Market Value (Income Capitalization) - Hotel

	Hotel
<i>Income Capitalization</i>	
Average daily rate per room <sup>1</sup>	\$119.00
Gross annual income	\$43,435.00
Assumed occupancy <sup>1</sup>	60.0%
Effective gross income per room	\$26,061.00
Assumed expense ratio <sup>2</sup>	26%
Less: assumed expenses	(\$6,657.68)
Net operating income per room	\$19,363.32
Capitalization rate <sup>3</sup>	9.06%
Tax rate <sup>4</sup>	1.486%
Fully loaded capitalization rate	10.55%
Total estimated value per room	\$183,608.22
<i>MuniCap, Inc.</i>	
<i>12-Sep-17</i>	

<sup>1</sup>Hotel rate and occupancy assumptions provided by Velocity Capital, LLC.

<sup>2</sup>Assumptions provided by the U.S. Hotel Operating Statistics Study, Report for the Year 2011 for limited service hotels.

<sup>3</sup>Capitalization rate represents the national limited service lodging segment average overall cap rate for first quarter 2017 as reported in the *First Quarter 2017 PriceWaterhouseCoopers Real Estate Investor Survey*.

<sup>4</sup>The Maryland State Department of Assessments and Taxation uses a fully-loaded capitalization rate, which is reflected by adding the real property tax rate to the market capitalization rate. As a result, real property taxes are netted out of the assumed expenses shown above. The tax rate assumes real property tax rates of \$0.960 (Prince George's County), \$0.04 (County education), \$0.112 (State of Maryland), \$0.2940 (National Capital Park and Planning Commission), \$0.054 (Stormwater/Chesapeake Bay Water Quality) and \$0.026 (Washington Suburban Transit Commission) per \$100 of assessed value. Real property tax rates used represent the rate for fiscal year 2016-2017 as reported by Prince George's County Office of Finance.