

# **ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT**

**For the Period Ending December 31, 2008**

*\$2,977,000 City of Baltimore, Maryland  
Special Obligation Bonds  
(North Locust Point Project)  
Series 2005*

Prepared by:

**MUNICAP**

March 9, 2009

# ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2008

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## *I. UPDATED INFORMATION*

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Information updated from the period ending December 31, 2008 is as follows:

- As of December 31, 2008, the total trustee accounts balance was \$451,066, as compared to \$455,328 for the last reporting period of December 31, 2007.
- The real property tax rate for the City of Baltimore in fiscal year 2008-2009 is \$2.268 per \$100 of assessed value, which is the same as the previous fiscal year.
- The July 1, 2008 total assessed value for the property in the District is \$51,317,300, as compared to the July 1, 2007 total assessed value of \$45,537,896. Accordingly, the assessed value of the development increased by 12.7 percent.
- There were no special taxes levied on the parcels in the District for fiscal year 2007-2008 or 2008-2009. As a result, there are no delinquent taxes.
- The total amount of ad valorem real property taxes on the District in fiscal year 2008-2009 was \$233,313. For FY 08-09, Hull Point LLC was responsible for payment of \$228,258 in ad valorem real property taxes. This amount represents 97.8 percent of the total ad valorem real property taxes in the District.
- As of December 31, 2008, ad valorem real property taxes in the amount of \$233,313 has been collected by the City of Baltimore in fiscal year 2008-2009. As a result, there are no delinquent taxes for the development.

## *II. INTRODUCTION*

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The City of Baltimore Series 2005 Special Obligation Bonds (North Locust Point Project) were issued pursuant to the provisions of Article II, section (62) of the Baltimore City Charter (1996 Edition), as amended, and an Indenture of Trust by and between the Mayor and City Council of Baltimore, Maryland and US Bank Trust Services, formerly Wachovia Bank, National Association, as trustee, dated as of August 1, 2005 and a limited offering memorandum for the bonds, dated August 11, 2005.

The North Locust Point Special Taxing District consists of approximately 12 acres of land located in the south central section of Baltimore, Maryland known as North Locust Point. It is situated near the intersection of Hull Street and Nicholson Street in the Locust Point neighborhood. The Locust Point neighborhood occupies the end of a peninsula, surrounded on three sides by water just west of the Inner Harbor area. The northern and eastern boundary of the neighborhood is the Northwest Branch of the Patapsco River. The development is minutes from historic Fells Point, Canton, and Federal Hill.

The real properties comprising the District are owned by Hull Point, LLC and Nicholson Street LLC. The site is developed with a 393,798 square foot, six-building office campus known as "Tide Point." The largest of the seven parcels in the development is expected to produce over 92.6 percent of the projected Tax Increment Revenues in 2005 and 98.9 percent in 2012 after expiration of certain tax credits. The remaining properties are used to provide parking and will contribute minimally to the Tax Increment Revenues.

Special tax bonds in the amount of \$2,977,000 (Series 2005) were sold in August 2005. A portion of the proceeds of the 2005 Bonds was used to finance costs of certain road improvements located within the District and other related infrastructure improvements.

Continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission is not required for the Series 2005 bonds. However, the administrator has agreed to provide an annual report. This report is provided pursuant to this agreement. The annual development activity and disclosure report is being provided pursuant to continuing disclosure agreement between MuniCap, the Mayor and City of Baltimore, and US Bank Trust Service, formerly Wachovia Bank, National Association. This report is not provided pursuant to Rule 15c2-12.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

**No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of December 31, 2008, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.**

### **III. DEVELOPMENT ACTIVITY**

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#### **A. THE DEVELOPMENT**

The real property comprising the development district and the Special Tax District includes seven parcels. The largest parcel in the development is located at 1000 Hull Street and is known as “Tide Point.” At issuance, it is anticipated that Tide Point will produce over 92.6 percent of the projected tax increment revenues in 2005 and 98.9 percent in 2012 after expiration of certain tax credits. The remaining properties comprising the development are used to provide parking and will contribute minimally to the tax increment revenues.

Tide Point is a 393,798 square foot, six building, office campus situated on a 12.231-acre site on Hull Street near the intersection with Nicholson Street in the Locust Point neighborhood in Baltimore City, Maryland. The other properties comprising the development are also located in the Locust Point neighborhood. The Locust Point neighborhood occupies the end of a peninsula, surrounded on three sides by water just west of the Inner Harbor area. The northern and eastern boundary of the neighborhood is the Northwest Branch of the Patapsco River, which terminates at the Inner Harbor area to the west of Locust Point. The development is minutes from historic Fells Point, Canton, and Federal Hill.

The owner acquired fee simple ownership of the properties comprising the development in 1999 and all buildings in the development were gut-renovated beginning in 2000. The renovations were completed in 2002.

Tide Point was renovated from a former Proctor & Gamble soap manufacturing plant by Struever Bros. Eccles & Rouse, Inc. In total, five buildings were renovated and have been named in honor of Proctor & Gamble products: Tide, Joy, Cascade, Ivory and Dawn. The sixth building is a small pad site building utilized by a coffee retailer/restaurant. The buildings are steel frame brick structures with open floor plates of up to 30,000 square feet, as well as industrial-height ceilings and extra large windows that offer dramatic views of the Inner Harbor from many of the tenant spaces. The renovation features contemporary, loft-style designs with open floor plans and abundant light that accentuates the views and unique architectural elements.

#### **B. STATUS OF THE DEVELOPMENT**

According to the Developer, as of December 31, 2008, the renovation of the five buildings of Tide Point is complete. Renovation and site work on roads, sidewalks, landscaping, lighting, common areas, surface parking, and the structured parking facility is complete.

#### **C. THE PUBLIC IMPROVEMENTS**

The public improvements, generally known as the Key Highway Loop Road, were expected to include:

1. Construction of 2,211 feet of new 36-foot wide paved roadway, with a sidewalk on one side, from the existing termination of Key Highway East to the intersection of Nicholson and Hull Streets at the development. The majority of this new roadway, including a new public right-of-way, will be constructed on property purchased by the City of Baltimore from CSX Transportation Inc, formerly part of their Locust Point Hopper Yard.

2. Construction of 210 feet of new 22-foot wide paved roadway to eliminate an existing at-

grade railroad crossing and to reroute Haubert Street to Hull Street.

3. Reconstruction/rehabilitation of 867 feet of existing Key Highway to the existing termination at the Domino Sugar facility.

4. Installation of new, and rehabilitation of existing, utility systems within the improvements, including storm drains, water, sanitary sewer and electrical conduit.

5. Construction of a new at-grade railroad crossing with safety signals and gates at the CSX/Domino sidetrack crossing.

6. Installation of a new traffic signal at the intersection of Woodall Street, Key Highway East and Domino Sugar's new truck lot entrance.

7. Installation of new, and upgrades to existing, streetlights and traffic signs.

In addition, the City assisted with the development of a new truck parking facility for Domino Sugar on the north side of Key Highway East at Woodall Street. The property was expected to be purchased by the City and transferred to Domino Sugar, which will develop the truck parking facility separate from the public improvements.

#### **D. STATUS OF PUBLIC IMPROVEMENTS**

According to the Developer, as of December 31, 2008, all the site work outlined in the previous section is complete.

## IV. TRUSTEE ACCOUNTS

The trustee for the Series 2005 Bonds is US Bank Trust Services, formerly Wachovia Bank, National Association. The balance at December 31, 2007, subsequent interest paid, disbursements, additional proceeds, and account balances for each fund as of December 31, 2008 are shown by the following table:

**Table IV-1**  
**Account Balances**

<b>Fund</b>	<b>Balance 12/31/07</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>Balance 12/31/08</b>
Debt Service Fund	\$235	\$164	\$210,095	\$207,950	\$2,544
Reserve Fund	\$216,760	\$4,943	\$0	\$12,843	\$208,861
Improvement Fund	\$234,187	\$5,474	\$0	\$0	\$239,661
<b>Total</b>	<b>\$451,182</b>	<b>\$10,581</b>	<b>\$210,095</b>	<b>\$220,793</b>	<b>\$451,066</b>

The additional proceeds to the Debt Service Fund include transfers of TIF revenues and Reserve Fund interest income for payment of debt service. Disbursements from the Debt Service Fund represent the payment of debt service.

The interest paid through December 31, 2008 does not include interest accrued but not yet paid. Bond proceeds are invested in money market funds currently earning 0.68 percent. The table below shows the average rate of return on the investments in each fund or account.

Investment income in the Reserve Fund will be used to secure the debt service requirement by transfers to the Debt Service Fund. Investment income in the Improvement Fund will be used first for the development of the infrastructure project. Any funds remaining in the Improvement Fund will be transferred to the Debt Service Fund to be used in the following order of priority: (i) redemption of the Bonds on the net interest payment date for which notice of redemption can timely be given if the amount so transferred is at least \$100,000, or (ii) for amounts less than \$100,000, payment of interest on the Bonds on the net interest payment date.

**Table IV-2**  
**Average Investment  
Rate of Return**

<b>Account</b>	<b>Rate of Return</b>
Debt Service Fund	0.68%
Reserve Fund	0.68%
Improvement Fund	0.68%

## V. DISTRICT OPERATIONS

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### A. THE SPECIAL TAX REPORT

Special taxes are to be levied proportionately on each parcel of taxable property in an amount up to the adjusted maximum special tax for each parcel such that the total special tax levied is equal to the special tax requirement. The special tax requirement is generally equal to (i.) annual debt service, (ii.) administrative expenses, less (iii.) tax increment revenues, (iv.) proceeds in the capitalized interest account, and (v.) any other revenues available to apply against the special tax requirement.

Table V-1 provides a summary of the special tax requirement for fiscal year 2008-2009. Tax increment revenues and interest income earned by reserve fund proceeds will be sufficient to pay debt service on the bonds and administrative expenses for fiscal year 2008-2009. As a result, special taxes will not need to be collected for fiscal year 2008-2009. Each of these numbers is explained in the following sections.

#### *Debt Service*

Debt service includes the interest payments due on March 1, 2009 and September 1, 2009. Each semi-annual interest payment is \$78,127.50, which is equal to an annual coupon interest of 5.50 percent on the outstanding principal balance of \$2,890,000.00. A principal payment of \$52,000.00 is due on September 1, 2009. As a result, total debt service is total \$208,255.00.

**Table V-1**  
**Special Tax Requirement**  
**Fiscal Year 2008-2009**

Debt service:	
Interest on March 1, 2009	\$78,128
Interest on September 1, 2009	\$78,128
Principal on September 1, 2009	\$52,000
<i>Sub-total debt service</i>	\$208,255
Administrative expenses	\$15,000
Contingency	\$13,395
<i>Total expenses</i>	\$236,650
Tax increment revenues	(\$320,551)
Reserve Fund Income	(\$4,168)
<i>Total funds available</i>	(\$324,719)
<i>Special Tax Requirement</i>	\$0

*Administrative Expenses*

Administrative expenses include the trustee, the administrator, and the expenses of the City related to the District. The annual charges of the trustee are estimated to be \$5,000. The fees and expenses of the administrator are estimated to be \$10,000. Accordingly, the total administrative expenses are estimated at \$15,000.

*Contingency*

A contingency, equal to approximately 6 percent of annual debt service has been added in case there are unanticipated expenses or tax payment delinquencies.

*Reserve Fund Income*

As of June 30, 2008, the balance in the reserve fund was \$209,604.93, which includes the reserve requirement of \$208,395.00 and \$1,209.93 in investment income. Investment income currently held in the reserve fund will be used to pay debt service payment due on the bonds on September 1, 2008. Bond proceeds in the reserve fund are invested First America Government Obligation money market fund that is earning 2.0 percent per annum. The yield on the reserve fund requirement of \$208,395.00 will result in an annual investment income of \$4,167.90 on the reserve fund, which will be available to pay debt service for fiscal year 2008-2009.

*Tax Increment Revenues*

The assessed value of taxable property in the tax increment district for the base year was equal to \$4,182,800.00. The assessed value of the taxable property in the District for fiscal year 2008-2009 is equal to \$51,295,000.00. The incremental assessed value is, therefore, equal to \$47,112,200.00 (\$51,295,000.00 - \$4,182,800.00 = \$47,112,200.00).

**Table V-2**  
**Tax Increment Revenues**  
**Fiscal Year 2008-2009**

Base year assessed value ( <i>January 1, 2002</i> )	\$4,182,800.00
Phased-in FY2008-2009 assessed value	\$51,295,000.00
Incremental assessed value	\$47,112,200.00
Estimated City property tax rate FY2008-2009 ( <i>per \$100 of AV</i> )	\$2.268
Estimated tax increment revenues FY2008-2009	\$1,068,504.70
<i>Less Enterprise Zone Credit</i>	<i>(\$427,401.88)</i>
<i>Sub total</i> tax increment revenues FY2008-2009	\$641,102.82
<i>Less Brownfields Credit</i>	<i>(\$320,551.41)</i>
Estimated net tax increment revenues FY2008-2009	\$320,551.41

The real property tax rate for the City of Baltimore in fiscal year 2007-2008 was \$2.268 per \$100 of assessed value. There have been no changes to the City real property tax rate for fiscal year 2008-2009. As a result, the estimated real property tax rate for the City of Baltimore in fiscal year 2008-2009 is \$2.268 per \$100 of assessed value. Accordingly, based on the incremental assessed value in the District and the real property tax rate, the tax increment revenues are estimated to be equal to \$1,068,504.70.

The City provides a tax credit to non-residential properties located in an enterprise zone designated by the Secretary of the Maryland State Department of Business and Economic Development. This Development is located in the Baltimore City Enterprise Zone. The amount of the credit is initially equal to 80 percent of the increase of property tax over the base year property taxes in each of the first five year the credit is in effect. Thereafter, the credit declines by 10 percent in each successive year to 30 percent in the tenth and the final year. The base year for this enterprise zone credit for this development was tax year 2000-2001 with the final year being tax year 2009-2010. As a result, the enterprise zone credit for tax 2008-2009 is equal to 40 percent of the estimated tax increment revenues of \$1,068,504.70. Accordingly, the enterprise zone credit for fiscal year 2008-2009 is equal to \$427,401.88 resulting in estimated gross tax increment revenues of \$641,102.82.

The City also provides a tax credit to qualified Brownfields sites that are located in an enterprise zone equal to 50 percent of the site's increased property tax liability for a period of ten years after a completion of voluntary cleanup or corrective action plan. Increased property tax liability means the remaining property tax liability after the deduction of other applicable tax credits attributable to increase in the assessment of the Brownfields site, including improvements added to the site within the tax credit period, over the assessment of the site before its voluntary cleanup. The owners of the property within this District will receive tax credit through the tax year ending June 30, 2012. As a result, the Brownfields credit for tax 2008-2009 is equal to 50 percent of the estimated tax increment revenues of \$320,551.41 ( $\$641,102.82 - \$320,551.41 = \$320,551.41$ ), which is the estimated tax increment revenue less the enterprise zone credit. Accordingly, the Brownfields credit for fiscal year 2008-2009 is equal to \$320,551.41. As a result, the tax increment revenue available to be applied to debt service for fiscal year 2008-2009 is \$320,551.41.

*Levy of Special Tax*

For fiscal year 2008-2009, special taxes are to be levied proportionately on each parcel of taxable property in an amount up to the adjusted maximum special tax for each parcel such that the total special tax levied is equal to the special tax requirement, as explained above.

For fiscal year 2008-2009, special taxes are to be levied proportionately on each parcel of taxable property in an amount up to the adjusted maximum special tax for each parcel such that the total special tax levied is equal to the special tax requirement. Tax increment revenues and reserve fund interest income are sufficient to pay expenses for fiscal year 2008-2009. Accordingly, the special tax requirement for fiscal year 2008-2009 is zero.

*Maximum Special Tax*

According to the Rate and Method of Apportionment of Special Taxes, the maximum special tax for fiscal year 2008-2009 is equal to \$371,422.80. The maximum special tax for each parcel is equal to the equivalent units of the Parcel divided by the total equivalent units for all parcels in the District and the result multiplied by the Maximum Special Tax. Equivalent units refer to the equivalent unit factor assigned to each class of property as indicated below:

**Table V-3  
Property and Equivalent Units**

Property	Equivalent Units Factor
Residential	1.0 per unit
Parking	0.13 per parking
Commercial	1.95 per 1,000 building sf

In case there are no parcels with actual units of residential property, actual square feet of commercial

property, or actual parking spaces, the equivalent units shall be equal to the square feet of land area of each parcel multiplied by an equivalent use factor of one for each acre. The maximum special tax for taxable parcels in the District is shown on Table V-4.

**Table V-4  
Maximum Special Tax**

<b>Tax Parcel No.</b>	<b>Building SF/ Parking Spaces</b>	<b>Use</b>	<b>EU Factor</b>	<b>EUFs</b>	<b>Maximum Special Tax</b>
24-120-1976-001	406,569	Office	1.95	792.81	\$342,780.68
24-120-1982-001	41	Parking	0.13	5.28	\$853.66
24-110-2024-006A	872	Parking	0.13	113.33	\$23,680.22
24-120-1981B-024	18	City Use	0.00	0.00	\$0.00
24-120-1981B-026	9	City Use	0.00	0.00	\$0.00
24-120-1981B-012	73	Parking	0.13	9.47	\$1,520.58
24-120-1981B-008	128	Parking	0.13	16.58	\$2,587.66
<b>Total</b>	<b>407,709</b>			<b>937.48</b>	<b>\$371,422.80</b>

*Adjusted Maximum Special Tax*

The adjusted maximum special tax for each parcel shall be equal to the maximum special tax for such parcel less the special tax credit for the parcel. The special tax credit for any parcel is equal to the tax increment revenues collected from the parcel for that fiscal year. The special tax credit applied to the maximum special tax for all parcels shall not exceed the tax increment revenues applied to the special tax requirement for that year. The special tax credit for each lot is shown on table above. The adjusted maximum special tax for each lot is shown in Table V-5 below.

**Table V-5  
Adjusted Maximum Special Tax**

<b>Tax Parcel No.</b>	<b>Maximum Special Tax</b>	<b>Special Tax Credit</b>	<b>Adjusted Maximum Special Tax</b>
24-120-1976-001	\$342,780.68	(\$314,998.66)	\$27,782.01
24-120-1982-001	\$853.66	(\$268.08)	\$585.58
24-110-2024-006A	\$23,680.22	(\$4,147.04)	\$19,533.18
24-120-1981B-024	\$0.00	\$0.00	\$0.00
24-120-1981B-026	\$0.00	\$0.00	\$0.00
24-120-1981B-012	\$1,520.58	(\$414.36)	\$1,106.22
24-120-1981B-008	\$2,587.66	(\$723.27)	\$1,864.40
<b>Total</b>	<b>\$371,422.80</b>	<b>(\$320,551.41)</b>	<b>\$50,871.39</b>

**B. SPECIAL TAX LEVIED**

Special taxes shall be levied proportionately on each parcel of taxable property in an amount up to the adjusted maximum special tax such that the total is equal to the special tax requirement. For fiscal year

2008-2009, the special tax requirement is equal to zero. As a result, special tax will not be collected on District parcels as shown in Table V-6.

**Table V-6**  
**Special Tax Levy**

<b>Tax Parcel No.</b>	<b>Adjusted Maximum Special Tax</b>	<b>Percent Levy</b>	<b>Special Tax Levy</b>
24-120-1976-001	\$141,278.18		\$0.00
24-120-1982-001	\$1,896.41		\$0.00
24-110-2024-006A	\$41,613.91		\$0.00
24-120-1981B-024	\$0.00	0%	\$0.00
24-120-1981B-026	\$0.00		\$0.00
24-120-1981B-012	\$3,443.96		\$0.00
24-120-1981B-008	\$6,032.48		\$0.00
<b>Total</b>	<b>\$194,264.94</b>		<b>\$0.00</b>

*Special Tax Rates*

As stated earlier in this report, special taxes are levied proportionately on each parcel of taxable property in an amount up to the adjusted maximum special tax for each parcel such that the total special tax levied is equal to the special tax requirement. The total expenses of the District for fiscal year 2008-2009 are estimated to be equal to \$236,650.30. Tax increment revenues and reserve fund interest income available to pay expenses are estimated to be \$324,719.31. Accordingly, the special tax requirement is zero.

**C. SPECIAL TAX COLLECTION**

There were no special taxes levied on the development for calendar year 2007-2008 or 2008-2009. As a result, there are no delinquent taxes.

**D. COLLECTION EFFORTS**

There are no collection efforts currently underway at this time.

## ***VI. DISTRICT FINANCIAL INFORMATION***

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The information provided in this section is to meet the requirements for the annual report as provided for in Section 2(a) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2008, unless otherwise stated.

### **A. FUND BALANCES**

The fund balances in all of the funds and accounts, as of December 31, 2008, provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

### **B. CHANGES TO THE "RATE AND METHOD OF APPORTIONMENT" OF SPECIAL TAXES**

As of December 31, 2008, there have been no changes to the Rate and Method of Apportionment of Special Taxes for the North Locust Point Special Taxing District.

### **C. CHANGES IN THE AD VALOREM REAL PROPERTY TAX RATES**

The real property tax rate for the City of Baltimore in fiscal year 2008-2009 is \$2.268 per \$100 of assessed value, which is the same as the previous fiscal year.

### **D. CHANGES IN THE ASSESSED VALUES**

Table VI-1 below presents the changes in the assessed value of the individual parcels from July 1, 2007 to July 1, 2008. The total assessed value of the development on July 1, 2008 was \$51,317,300. This represents a 12.7 percent increase in assessed value from 2007.

**Table VI-1  
Assessed Values**

<b>Lot</b>	<b>Use</b>	<b>Assessed Value July 1, 2007</b>	<b>Assessed Value July 1, 2008</b>
24-120-1976-001	Office	\$44,554,366	\$50,150,900
24-120-1982-001	Parking	\$41,800	\$49,000
24-110-2024-006A	Parking	\$739,800	\$875,800
24-120-1981B-024	City Use	\$15,600	\$18,700
24-120-1981B-026	City Use	\$7,932	\$9,500
24-120-1981B-012	Parking	\$65,232	\$78,000
24-120-1981B-008	Parking	\$113,166	\$135,400
<b>Total</b>		<b>\$45,537,896</b>	<b>\$51,317,300</b>
<b>Percent Change</b>		<b>NA</b>	<b>12.7%</b>

**E. SPECIAL TAXES LEVIED IN 2008-2009**

Tax increment revenues and interest income earned by reserve fund proceeds will be sufficient to pay debt service on the bonds and administrative expenses for fiscal year 2008-2009. As a result, special taxes will not need to be collected for fiscal year 2008-2009.

The complete Special Tax Report, for fiscal year 2008-2009, is included in Section V, “District Operations,” of this report.

**F. COLLECTION OF AND DELINQUENT AD VALOREM AND SPECIAL TAXES**

According to the City of Baltimore, total ad valorem taxes of \$233,313 were levied on the properties in the development for fiscal year 2008-2009. Ad valorem real property taxes were due on September 30, 2008. As of December 31, 2008, there were no delinquent ad valorem taxes. For fiscal year 2008-2009, the special tax requirement is equal to zero.

There were no special taxes levied on the development for fiscal year 2008-2009. As a result, there are no delinquent special taxes.

Table VI-2 below depicts the 2008-2009 ad valorem taxes levied on each parcel, tax credits given, total collection, the outstanding amount due, the special tax levy for fiscal year 2008-2009, and the percentage of delinquent taxes.

**Table VI-2  
Tax Collections and Delinquencies**

<b>Lot</b>	<b>Owner</b>	<b>Tax</b>	<b>Credit</b>	<b>Total Collections</b>	<b>Outstanding Taxes Due</b>	<b>Percent Delinquent</b>
24-120-1976-001	Hull Point, LLC	\$1,010,493	\$985,616	\$206,458	\$0.00	0.00%
24-120-1982-001	Hull Point, LLC	\$948	\$0.00	\$1,155	\$0.00	0.00%
24-110-2024-006A	Hull Point, LLC	\$16,779	\$0.00	\$20,645	\$0.00	0.00%
24-120-1981B-024	City	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
24-120-1981B-026	City	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
24-120-1981B-012	Nicholson Street LLC	\$1,479	\$0.00	\$1,848	\$0.00	0.00%
24-120-1981B-008	Nicholson Street LLC	\$2,567	\$0.00	\$3,207	\$0.00	0.00%
<b>Total</b>		<b>\$1,032,266</b>	<b>\$985,616</b>	<b>\$233,313</b>	<b>\$0.00</b>	<b>0.00%</b>

**G. PRINCIPAL DISTRICT TAXPAYERS**

The total amount of ad valorem real property taxes on the District in fiscal year 2008-2009 was \$233,313. Based on the City of Baltimore’s tax records, Hull Point LLC owns three parcels in the District. For fiscal year 2008-2009, Hull Point LLC was responsible for payment of \$228,258 in ad valorem real property taxes. This amount represents 97.8 percent of the total ad valorem real property taxes in the District. There were no special taxes levied for collection during fiscal year 2008-2009.

Table VI-3 on the following page depicts a listing of each taxpayer responsible for payment of more than five percent of the levy of ad valorem real property taxes or special taxes in fiscal year 2008-2009, the amount of ad valorem real property taxes and special taxes against such taxpayers and the percentage of such

ad valorem real property and special taxes relative to the entire levy of ad valorem real property taxes and special taxes within the District.

**Table VI-3  
Principal District Taxpayers**

<b>Taxpayer</b>	<b>Tax Parcel No.</b>	<b>Ad Valorem Taxes</b>	<b>Special Taxes</b>	<b>Percent of Total Levy</b>
Hull Point, LLC	24-120-1976-001	\$206,457.68	\$0.00	88.5%
	24-120-1982-001	\$1,155.09	\$0.00	0.5%
	24-110-2024-006A	\$20,645.41	\$0.00	8.8%
<b>Total</b>		<b>\$228,258.18</b>	<b>\$0.00</b>	<b>97.8%</b>
Other tax payers below 5%		\$5,045.70	\$0.00	2.2%
<b>Total Tax Levy</b>		<b>\$233,312.89</b>	<b>\$0.00</b>	<b>100.0%</b>

**H. AMENDMENTS TO LAND USE ENTITLEMENTS**

As of December 31, 2008, there have been so significant changes to land use entitlements in the District. According to the Developer, there have been no changes in property ownership during the 2008 year. Table VI-4 below provides a list of occupancy per building as of December 31, 2008 as reported by the developer.

**Table VI-4  
Leasing Status Per Building**

<b>Building</b>	<b>Square Feet Leased</b>	<b>Occupancy as of 12/31/08</b>
Tide Building	43,570	100%
Ivory Building	101,090	100%
Cascade Building	50,859	100%
Joy Building	118,135	100%
Dawn Building	77,343	100%
Pad Site	2,500	100%

**I. CHANGES TO THE PUBLIC IMPROVEMENTS**

As of December 31, 2008, there have been no changes to the public improvements to be constructed from those stated in the Limited Offering Memorandum. According to the Developer, renovation and site work on roads, sidewalks, landscaping, lighting, common areas, surface parking, and the structured parking facility is complete.

**J. TAX INFORMATION**

**(i) Tax Increment Revenues**

Total tax increment revenues for FY 2008-2009 are \$320,551.41, as provided in Table V-2 of Section V, “District Operations,” of this report.

(ii) Debt Service Coverage

Table IV-5 below depicts the estimated debt service coverage for fiscal year 2008-2009.

**Table VI-5**  
**Debt Service Coverage**

<b>Account/Type</b>	<b>Fiscal Year 2007-2008</b>	<b>Fiscal Year 2008-2009</b>
Debt Service: (Bond Year Ending July 1)		
Principal	\$49,000	\$52,000
Interest	\$158,950	\$156,256
Sub-total Debt Service	\$207,950	\$208,255
Base Year Assessed Value (January 1, 2001)	\$4,182,800	\$4,182,800
Phased-in Assessed Value	\$45,537,896	\$51,295,000
Increase in Assessed Value	\$41,355,096	\$47,112,200
City Tax Rate	\$2.27	\$2.27
Tax Property Increment	\$937,934	\$1,068,505
Less: Enterprise Zone Credit	(\$468,767)	(\$427,402)
Sub-total Tax Increment Revenues	\$468,767	\$641,103
Less: Brownfields Credit	(\$234,383)	(\$320,551)
Estimated Tax Increment Revenues	\$234,383	\$320,551
Debt Service Coverage	112.71%	153.92%
Special Tax Levied	\$0	\$0
Debt Service Coverage	0.00%	0.00%
Maximum Special Tax Rate	\$0.88	\$0.79
Maximum Special Tax	\$364,140	\$371,423
Debt Service Coverage	175.11%	178.35%
Note: Special taxes may only be levied to the extent necessary to pay debt service after taking into account tax increment revenues.		

## ***VII. SIGNIFICANT EVENTS***

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### **A. DEVELOPER'S SIGNIFICANT EVENTS**

According to the continuing disclosure agreement, developer significant events include the following:

- (i) Failure to pay any real property taxes (including the special taxes) levied within the District on a parcel owned by the owner or any affiliate thereof;
- (ii) Material damage to or material destruction of any development or improvements within the District by the owner;
- (iii) The filing by or against the owner or any affiliate thereof, or any member of the owner or any owners of more than 25 percent interest in the owner of any petition or other proceedings under any bankruptcy, insolvency or similar law or any determination that the owner or an owner of interest in the owner or a subsidiary of the owner or any affiliate thereof is unable to pay its debts as they become due; and
- (iv) The filing of any lawsuit with claim for damages in excess of \$1,000,000 against the owner which may adversely affect the completion of the development or the construction of the project or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the owner or any affiliate of the owner who owns property in the District.

Inquiries have been made with the Developer regarding the occurrence of any significant events and they have reported that no significant events have occurred as of December 31, 2008.

### **B. LISTED EVENTS**

Significant events generally include the following:

- (i) Delinquency in payment when due of any principal of or interest in the Bonds;
- (ii) Occurrence of any material default under the Indenture (other than as described in clause (i) above);
- (iii) Amendment to the Indenture modifying the rights of the Bondholders;
- (iv) Giving of notice of optional or unscheduled redemption of Bonds;
- (v) Defeasance of Bonds or any portion thereof;
- (vi) Any change in rating, if any, on the Bonds;
- (vii) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (viii) The release or substitution of property securing repayment of the Bonds; or
- (ix) The continuing disclosure event notices provided to the Administrator by the Owner as more particularly set forth in the Owner's Continuing Disclosure Agreement so long as the

Special Taxes and real property taxes paid by the Owner to the City is greater than 10 of Annual Debt Service on the Bonds.

As of March 9, 2009, the administrator has not received any notice in regards to the occurrence of any significant event.