

**THE VICTORY CENTRE  
NEIGHBORHOOD IMPROVEMENT DISTRICT**

**TANGER IMPROVEMENT AREA  
IMPROVEMENT AREA A**

**REDEVELOPMENT AUTHORITY OF THE COUNTY OF WASHINGTON,  
PENNSYLVANIA**

**ANNUAL INSTALLMENT REPORT AND  
AMENDMENT OF THE ASSESSMENT ROLL FOR  
IMPOSITION OF AND COLLECTION OF ASSESSMENTS IN 2018**



Prepared By:

**MUNICAP, INC.**

April 30, 2018

**The Victory Centre Neighborhood Improvement District  
Tanger Improvement Area  
Improvement Area A  
Redevelopment Authority of the County of Washington, Pennsylvania**

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Amendment of the Assessment Roll for  
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**I. INTRODUCTION**

The Victory Centre Neighborhood Improvement District - Tanger Improvement Area was created pursuant to Ordinances No. 4-05 and 5-05 of the Board of the Township Supervisors of the Township of South Strabane (the "Township") enacted on October 25, 2005 and effective March 15, 2006. The Redevelopment Authority of the County of Washington (the Authority) Redevelopment Bonds, Series 2006 in the aggregate amount of \$23,585,000 (the "2006 Bonds") were issued pursuant to the provisions of the Pennsylvania Tax Increment Financing Act, the Pennsylvania Neighborhood Improvement District, the Pennsylvania Urban Redevelopment Law and the Indenture of Trust, dated as of December 1, 2006 between the Authority and the Bank of New York Trust Company as Trustee.

The Victory Centre Neighborhood Improvement District - Tanger Improvement Area (the "NID") issued \$20,275,000 Redevelopment Authority of the County of Washington (the "County") Redevelopment Refunding Bonds on March 21, 2018 (the "2018 Refunding Bonds") to provide funds to refund and defease the outstanding 2006 Bonds and pay certain costs related to the issuance of the 2018 Refunding Bonds. The 2018 Refunding Bonds are payable solely from and secured by a percentage of the proceeds of tax collections arising from the taxation by each of the Taxing Bodies of the increase, if any, in the assessed value of real property located in the Victory Centre Tax Increment Financing District (the "TIF District") effective March 15, 2006 (the "Tax Increment Revenues") less amounts payable to the respective Taxing Bodies as provided in the Cooperation Agreement and, to the extent the Tax Increment Revenues are insufficient, a levy of Special Assessments is to be collected from the taxable Parcels within the NID. The Special Assessments levied on taxable Parcels within Improvement Area A (the "Tanger Improvement Area") will be applied to the extent Tax Increment Revenues are insufficient to pay debt service on the 2018 Refunding Bonds, pay administration costs related to the 2018 Refunding Bonds and the District, as defined below, and maintain any funds in accordance with the requirements of the Indenture an the Second Supplemental Trust Indenture dated as of March 1, 2018.

The Assessment Roll is to be amended each year to reflect the changes in the Assessment Roll, including identification of the Annual Payment to be collected each year from each Parcel. This report has been prepared to show the calculation of the Annual Payment and the amendment of the Assessment Roll for the imposition and collection of assessments in 2018. Bonds for Improvement Area B have not been issued. As a result, the Assessment Roll for Improvement Area B will not be updated at this time. Terms not defined herein have the same meanings set forth in the Rate and Method of Apportionment (the "RMA").

**II. TRUSTEE ACCOUNTS**

The trustee for the 2018 Refunding Bonds is The Bank of New York Mellon Trust Company, National Association (the "Trustee"). The account balances as of March 31, 2017, investment income, disbursements, additional proceeds, and account balances for each fund as of March 31, 2018 are shown in Table A on the following page.

**Table A**  
**Trustee Accounts<sup>1</sup>**

<b>Funds/Accounts</b>	<b>Balance as of 03/31/17</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>Balance as of 03/31/18</b>
Debt Service Reserve Fund	\$31,496	\$9,534	\$2,036,353	\$0	\$2,077,383
2006 Debt Service Fund <sup>2</sup>	\$12	\$0	\$21,402,371	\$21,402,383	\$0
Revenue Fund- Improvement Area	\$562,117	\$2,257	\$1,029,686	\$1,088,191	\$505,869
Improvement Area A Assessment Account	\$687,814	\$1,013	\$1,063,678	\$687,342	\$1,065,163
Administrative Expense Fund	\$47,819	\$211	\$1	\$41,128	\$6,903
TIF County Tax Fund	\$13	\$120	\$187,476	\$187,609	\$0
TIF Township Tax Fund	\$54	\$1,448	\$1,119,828	\$1,121,330	\$0
2018 Clearing Fund	\$0	\$0	\$20,504,955	\$20,504,955	\$0
2018 Debt Service Fund	\$0	\$0	\$11,912	\$0	\$11,912
2018 Sinking Fund	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,329,325</b>	<b>\$14,583</b>	<b>\$47,356,260</b>	<b>\$45,032,938</b>	<b>\$3,667,230</b>

<sup>1</sup>Pursuant to the Second Supplemental Indenture, with exception to the 2006 Bonds Debt Service Fund, the funds and accounts under the Indenture are to be used for the purposes of the 2018 Refunding Bonds.

<sup>2</sup>According to the Trustee, the balance in the Debt Service Fund was used to refund and defease the 2006 Bonds on March 21, 2018 and was subsequently closed.

- Additional proceeds to the Debt Service Reserve Fund represent the receipt of the portion of the Debt Service Reserve Fund that was held in the BB&T Account and 2018 Refunding Bond proceeds to fund the Debt Service Reserve Fund to the reserve requirement pursuant to the closing receipt.
- Additional proceeds to the 2006 Debt Service Fund represent 2018 Refunding Bond proceeds for the defeasance of the 2006 Bonds pursuant to the closing receipt.
- Additional proceeds to the Revenue Fund represent the transfer of Tax Increment Revenues for the payment of administrative expenses and debt service.
- Additional proceeds to the Assessment Account represent the Special Assessments collected for the 2017 tax year for the payment of administrative expenses and debt service. Please note, special assessments collected for 2017 were initially deposited in the Township Tax Fund.
- Additional proceeds to the County Tax Fund and Township Tax Fund represent the receipt of tax revenues levied by the taxing agencies for the 2017 tax year. These revenues were subsequently distributed to the County and the Township and the RACW pursuant to the Cooperation Agreement.
- Additional proceeds to the 2018 Clearing Fund represent 2018 Refunding Bond proceeds for the payment of costs associated with issuing the 2018 Refunding Bonds pursuant to the closing receipt.
- Additional Proceeds to the 2018 Debt Service Fund represent 2018 Refunding Bond proceeds for the payment of debt service on the 2018 Refunding Bonds pursuant to the closing receipt.
- Disbursements from the Administrative Expense Fund represent the payment of administrative expenses.

### **III. AMENDMENT OF THE ASSESSMENT ROLL**

The Washington County Industrial Development Corporation (“the Corporation”), in its capacity as the Neighborhood Improvement District Management Association for the NID, shall amend the Assessment Roll each year to reflect: (i) the current Parcels in the Improvement Area A, (ii) the Special Assessment for each Parcel, including any adjustments to the Special Assessments, (iii) the Principal Portion of Assessment for each Parcel, (iv) the Annual Installments of the Special Assessment for each Parcel, (v) the Annual Credit A, Annual Credit B, and Annual Payment to be collected from each Parcel for the current tax year, (vi) the prepayments of the Special Assessments, and (vii) the termination of the Special Assessment.

**A. Reduction in Special Assessment**

The Special Assessments on all of the Parcels were set to equal the principal amount of the Bonds, interest payable on the Bonds for each year, and Administrative Expenses. The Special Assessment Roll previously adopted by the Special Assessment Ordinance had estimated the issuance of \$31,710,000 in bonds for Improvement Area A. However, the Series 2006 Bonds for Improvement A were issued in the aggregate amount of \$23,585,000. As mentioned previously, the 2006 Bonds were refunded by the 2018 Refunding Bonds on March 21, 2018. As a result, the Special Assessment Roll for Improvement Area A, attached hereto, has been updated to reflect the current Special Assessments on all of the Parcels, based on the 2018 Refunding Bonds pursuant to Section C 3 of the RMA. The aggregate Special Assessments equal the outstanding principal amount of the 2018 Refunding Bonds, interest payable on the 2018 Refunding Bonds for each year, and Administrative Expenses. The revised Special Assessment Roll for Improvement Area A is appended to this report as Appendix A-1 and Appendix A-2.

**B. Reapportionment of Special Assessment upon Subdivision or Consolidation of a Parcel**

According to the RMA, upon the subdivision or consolidation of a Parcel or Parcels, the Special Assessments of a Parcel or Parcels prior to the subdivision or consolidation is to be reallocated among the Parcel or Parcels created by the subdivision or consolidation in proportion to the Equivalent Assessment Factors of each Parcel and the Special Assessment for the undivided Parcel or Parcels prior to the subdivision or consolidation.

The Equivalent Assessment Factors represent building square footage in 1000s, whereas the building square footage is defined as the gross leasable area built or expected to be built on a Parcel.

The reapportionment of the Special Assessment is represented in the following formula:

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

Where the terms have the following meanings:

- A = the Special Assessment for the Parcel
- B = the Special Assessment of the Parcel prior to the subdivision or consolidation
- C = the Equivalent Factors of the new Parcel
- D = the sum of the Equivalent Assessment Factors for all of the new Parcels of Assessed Property that result from the subdivision or consolidation.

According to the County, there were no subdivision plats recorded during 2017 with the Township. As a result, the outstanding Special Assessments as previous apportioned to the NID Parcels pursuant to the RMA, have been reduced in a proportion to the Special Assessment paid during 2017. The acreage of the current district Parcels, Equivalent Assessment Factors and their Special Assessment based on the 2018 assessment roll are shown in Table B on the following page.

**Table B**  
**Special Assessment for 2018**  
**District Parcels**

GPIN Current Parcels	Acreage <sup>1</sup>	Building Area (S.F) <sup>2</sup>	Equivalent Assessment Factors	Special Assessment <sup>3</sup>
600-001-00-00-0013-02	107.856	442,091	442.09	\$24,434,791
600-001-00-00-0013-06	3.382	6,945	6.95	\$383,857
600-001-00-00-0013-05	4.312	77,605	77.61	\$4,289,302
<b>Total</b>	<b>115.55</b>	<b>526,641</b>	<b>526.64</b>	<b>\$29,107,950</b>

<sup>1</sup>Aggregate acreage for the new Parcels does not include the right of way (ROW) in the amount of 6.45 acres.

<sup>2</sup>Building square footage is based on the revised plan of development.

<sup>3</sup>Special Assessment for each Parcel reflects outstanding Special Assessment for 2018 tax year.

**C. Annual Payments**

1. Annual Payment

The Annual Payment each year is equal to the Annual Installment less the Annual Credit A and the Annual Credit B. The Annual Payment is the amount due and payable from each Parcel each year. Annual Credit A and Annual Credit B are described below.

2. Annual Installment

The Annual Installment is the Special Assessment that may be collected each tax year from the assessed property within the Improvement Area as set forth in the Assessment Roll, revised as described above in the section on the reductions in the Special Assessments. The aggregate Annual Installments are equal to the outstanding principal amount of the 2018 Refunding Bonds, interest payable on the 2018 Refunding Bonds for each year, and Administrative Expenses. Accordingly, the Annual Installment imposed for collection in 2018 is equal to \$1,862,734.97 as shown on Appendix A-1

3. Annual Credits

The Annual Credits consist of the Annual Credit A and the Annual Credit B.

a. Annual Credit A

Annual Credit A for each Parcel in each Assessment Year is equal to the Tax Increment Revenues (the “TIF Revenues”) produced by that Parcel and expected to be available and included in the Annual Revenue Requirement for the Assessment Year for which the calculation is being made. As shown in Table I, the estimated TIF Revenues to be collected in the district during the 2018 tax year is \$1,162,219.80. TIF Revenues in the amount of \$232,443.96, representing 20% of the total TIF Revenues, to be collected in 2018 have been pledged to the Taxing Bodies. Accordingly, the amount of TIF Revenues pledged to the Authority is equal to \$929,775.84 (\$1,162,219.80 – \$232,443.96 = \$929,775.84).

Per a court stipulation on January 4, 2018, the Marriott Hotel Parcel owner successfully appealed the assessed value of the hotel. According to the Assessment Office, the newly appealed value took effect for the 2017 tax year. A portion (equal to the property taxes on 80% of the incremental value) of the property taxes paid for this Parcel for 2017 was remitted to the Trustee in the amount of \$99,910.23. Accordingly, this amount

will be withheld from the TIF Revenues collected by the Taxing Bodies in the 2018 tax year to provide a refund to the Marriot Hotel Parcel owner. As a result, the total estimated TIF Revenues pledged to the Authority and available to pay debt service and administrative expenses for fiscal year 2018-2019 is equal to \$829,865.61 (\$929,775.84 – \$99,910.23 = \$829,865.61). Table C below provides a summary of the Adjusted Annual Installment for each Parcel in Improvement Area A, which is equal to the Parcel Annual Installment less the Parcel Annual Credit A.

**Table C**  
**Annual Credit A**

Parcel	Annual Installment	Annual Credit A	Adjusted Annual Installment
600-001-00-00-0013-02	\$1,563,681	(\$803,911)	\$759,770
600-001-00-00-0013-06	\$24,565	(\$3,747)	\$20,818
600-001-00-00-0013-05 <sup>1</sup>	\$274,490	(\$22,208)	\$252,282
<b>Total</b>	<b>\$1,862,735</b>	<b>(\$829,866)</b>	<b>\$1,032,869</b>

<sup>1</sup>The Annual Credit is reduced by the amount of tax increment revenues that need to be transferred back to the property owner as a result of the appeal.

b. Annual Credit B

The Annual Credit B for a Parcel in each year is an amount equal to the Adjusted Annual Installment for the Parcel divided by the Adjusted Annual Installment for all Parcels in the Improvement District and the result multiplied by the Annual District Credit B. The Annual District Credit B for each Assessment Year is equal to the Annual Installments for all Parcels for that year, less the Annual Revenue Requirement and the aggregate Annual Credit A applied to all Parcels for that year.

1) Annual District Credit B

Annual District Credit B for each Assessment Year is equal to the Annual Installments for all Parcels for that year, less (i) the Annual Revenue Requirement for that year, and (ii) the sum of the Annual Credit A applied to all Parcels for that year. Accordingly, the Annual District Credit B for tax year 2018 is as shown in table below:

Annual Installment	\$1,862,734.97
Annual Revenue Requirement	(\$957,000.00)
Annual Credit A	(\$829,865.61)
<b>Annual District Credit B</b>	<b>\$75,869.36</b>

The calculation of Annual Revenue Requirement and Annual Credit B are explained in the sections that follow below.

*Annual Revenue Requirement*

The Annual Revenue Requirement is defined as follows:

For any tax year, the sum of the following, (1) regularly scheduled debt service on the Bonds to be paid from the Annual Payments except for principal and interest on the bonds to be paid from Special Assessment Prepayments on deposit with the Trustee; (2) periodic costs associated with

such bonds, including but not limited to rebate payments and credit enhancements on the bonds; and (3) administrative expenses; less (a) tax increment revenues, (b) any credits applied under the bond indenture, such as interest earnings on any account balances, and (c) any other funds available to the bonds that may be applied to the Annual Revenue Requirement.

Table D below provides a summary of the Annual Revenue Requirement for the 2018 tax year. Each of these numbers are explained in the following sections.

**Table D**  
**Annual Revenue Requirement**

<i>2018 Refunding Bonds</i>	
<b>Estimated Expenses</b>	
Interest on January 1, 2019	\$456,500
Interest on July 1, 2019	\$456,500
Principal on July 1, 2019	\$900,000
<i>Sub-total debt service</i>	\$1,813,000
Administrative Expenses	\$49,735
Contingency <sup>1</sup>	\$258,054
<b>Total Expenses</b>	<b>\$2,120,789</b>
<b>Estimated Available Revenues</b>	
Estimated Reserve Fund investment income through July 1, 2019	(\$19,160)
Estimated pledged TIF Revenues collected in 2018	(\$829,866)
Surplus from prior year	(\$314,763)
<b>Total estimated available revenues</b>	<b>(\$1,163,789)</b>
<b>Annual Revenue Requirement<sup>2</sup></b>	<b>\$957,000</b>

<sup>1</sup>The contingency increased from 2% to 14%. This is a result of the refunding. The contingency will be used in future years to reduce the Annual Revenue Requirement.

<sup>2</sup>Amount approved for previous year was equal to \$1,062,000.

*i. Debt Service*

Debt service includes interest on the bonds payable on January 1, 2019 and July 1, 2019. The interest payments due on January 1, 2019 and July 1, 2019 in the amount of \$456,500.00 are equal to six months of interest on the term bonds shown below:

Term 2023 Bonds of \$5,325,000 at 4.00%	\$213,000
Term 2028 Bonds of \$5,765,000 at 5.00%	\$288,250
Term 2035 Bonds of \$8,235,000 at 5.00%	\$411,750
<b>Total</b>	<b>\$913,000</b>

A principal payment in the amount of \$900,000.00 is due on the bonds on July 1, 2019. As a result, total debt service is equal to \$1,813,000.00.

ii. *Administrative Expenses*

Administrative expenses for 2018 are estimated to be \$49,734.97. Administrative Expenses include payments to the Trustee, the administrator, and the expenses of the RWAC related to the administration of the district. Table E provides a breakdown of the estimated Administrative Expenses for 2018.

**Table E**  
**Estimated Administrative Expenses**

Trustee (BNY Mellon)	\$1,250
Administrator (MuniCap)	\$17,659
RAWC	\$15,000
Miscellaneous ( <i>includes auditor's fee</i> )	\$15,826
<b>Estimated Administrative Expenses</b>	<b>\$49,735</b>

iii. *Contingency*

A contingency equal to approximately fourteen percent has been added in the event of unanticipated expenses, investment income is less than estimated or the School District lowers their millage rate for 2018. This contingency will also offset the two percent discount to be provided for the early payment of regular real property taxes. Any surplus will be used to reduce the Annual Revenue Requirement for future years.

iv. *Reserve Fund Investment Income*

Pursuant to Article I of the Second Supplemental Indenture, the 2018 Refunding Bonds reserve requirement is equal to the lesser of (i) 10% of the aggregate original stated principal amount of the 2018 Refunding Bonds (provided that if any 2018 Refunding Bonds have more than a de minimus (2%) amount of original issue discount or premium, the issue price of the 2018 Refunding Bonds is used to measure the 10% limitation lieu of stated principal amount), (ii) the maximum amount of Annual Debt Service on the 2018 Refunding Bonds in any fiscal year, (iii) 125% of the average Annual Debt Service on the 2018 Refunding Bonds. Accordingly, the reserve requirement for the 2018 Refunding Bonds is equal to \$2,075,839.21 [(\$20,275,000.00 + \$483,392.10) × 10% = \$2,075,839.21].

As of March 31, 2018, the balance in the Debt Service Reserve Fund was \$2,077,382.46, which is equal to the reserve requirement for the 2018 Refunding Bonds in the amount of \$2,075,839.21 and investment income of \$1,543.25. The Debt Service Reserve Fund is invested in a Goldman Sachs Financial Sq Government Portfolio money market fund earning 0.92 percent per annum. At this rate of return, \$4,790.00 in investment income is estimated to be earned through July 1, 2018. This amount along with the investment income currently on deposit in the Debt Service Reserve Fund will be available to pay a portion of the debt service and administrative expenses due on July 1, 2018. An additional \$19,160.00 in annual investment income is estimated to be available to pay debt service and administrative expenses on the 2018 Refunding Bonds in 2019.

*Surplus from Prior Year*

The aggregate property taxes collected in 2017 were equal to \$1,287,107.42. Pursuant to the terms of the Cooperation Agreement, the base tax, TIF Revenues and investment income realized by these tax revenues should be distributed by the Trustee periodically. After the deduction of the base tax and any real estate tax payment attributed to any increases in the taxing body's millage rates above the base date millage rate, each taxing body shall receive a certain percentage of the TIF Revenues pursuant to the Cooperation Agreement. The Township, Trinity School District (the "School District") and the County will each receive 20% of the total TIF Revenues collected each year.



The taxes collected in 2017 by the Township and the County were distributed in November 2017. Taxes collected by the School District were remitted to the Trustee and distributed in February 2018. The Township, School District and the County's share of the 2017 real property taxes were equal to \$11,490.07, \$208,675.53, and \$37,255.91 respectively. The total amount distributed to the Authority was equal to \$1,029,685.91. Table F provides a summary of the distribution of the TIF revenues collected for 2017.

**Table F**  
**2017 Tax Revenue Distribution**

<b>Taxing Authority</b>	<b>Township of South Strabane</b>	<b>School District</b>	<b>Washington County</b>	<b>Total</b>
Total property taxes collected for 2017	\$57,450	\$1,043,378	\$186,280	\$1,287,107
Disbursement to taxing body <sup>1</sup>	\$11,490	\$208,676	\$37,256	\$257,422
Disbursement to TIF Revenue Fund	\$45,960	\$834,702	\$149,024	\$1,029,686

<sup>1</sup>Amount includes 20% share of net TIF Revenues and the TIF Revenues generated as a result in the increase in Township, School District and County millage rates from the Base Date millage rate.

Special Assessments in the amount of \$1,062,000.00 were to be collected during 2017. Special Assessments in the amount \$1,062,042.00 were remitted to the Trustee on November 8, 2017. As a result, there are no delinquent Special Assessments. The estimated surplus from the prior year that may be applied to pay the Annual Payment in 2018 is shown in Table G below. The balance in the Debt Service Fund, Revenue Fund, and Assessment Account as of March 31, 2018 was equal to \$11,911.58, \$505,869.87 and \$1,065,162.41, respectively. As mentioned above, Debt Service Reserve Fund investment income in the amount \$6,333.25 (\$4,790.00 + \$1,543.25 = \$6,333.25) will be available to a pay a portion of the debt service payment due on July 1, 2018. The debt service payment due on July 1, 2018, which includes the interest payment in the amount of \$282,658.33 and a principal payment in the amount of \$950,000.00.

Administrative services for 2017 were estimated to be \$48,759.78. As of March 31, 2018, Special Assessment revenues in the amount of \$48,759.78 have not yet been transferred to the Administrative Expense Fund to fund the 2017 administrative expenses. As a result, Special Assessment in the amount of \$48,759.78 will need to be transferred to the Administrative Expense Fund to pay administrative expenses budgeted for 2017.

**Table G**  
**Surplus from Prior Year**

<b>Annual Obligations</b>	
<i>Debt Service on the 2018 Refunding Bonds</i>	
Interest on July 1, 2018 Series 2018 Bonds	(\$282,658)
Principal on July 1, 2018 Series 2018 Bonds	(\$950,000)
<i>Sub-total debt service</i>	<i>(\$1,232,658)</i>
Administrative Expense Budget for 2017	(\$48,760)
<b>Total Obligations</b>	<b>(\$1,281,418)</b>
<b>Estimated Available Funds</b>	
<i>Total available revenues</i>	
TIF Revenue Fund balance as of March 31, 2018	\$505,870
Assessment Account Balance as of March 31, 2018	\$1,065,162
Available Debt Service Reserve Fund investment income as of March 31, 2018	\$1,543
Administrative Expense Fund balance as of March 31, 2018	\$6,904
2018 Debt Service Fund balance as of March 31, 2018	\$11,912
Estimated Debt Service Reserve Fund investment income through July 1, 2018	\$4,790
<b>Total Estimated Available Funds</b>	<b>\$1,596,181</b>
<b>Surplus Revenues Available</b>	<b>\$314,763</b>

As shown in Table G above, the remaining expenses for fiscal year 2017 are equal to \$1,281,418.11. Funds available to pay these expenses are estimated to equal \$1,596,181.22. As a result, it is estimated that the surplus from 2017 in the amount of \$314,763.11 ( $\$1,596,181.22 - \$1,281,418.11 = \$314,763.11$ ) will be available to pay debt service and administrative expenses in 2018.

v. *Estimated TIF Revenues*

Pursuant to a Cooperation Agreement regarding the Victory Centre Tax Increment Financing District dated as of December 1, 2006 (the "Cooperation Agreement"), the Authority, the County, the Township, and the School District have agreed that certain incremental real estate tax revenues derived from real property located within the TIF District (the "TIF Revenues") from and after the date of creation of the TIF District will be used to pay debt service on the Bonds and certain related charges. The Township, the County, and the School District are collectively referred to as the "Taxing Bodies."

Pursuant to the Cooperation Agreement and the Indenture, eighty percent of the net Tax Increment Revenues collected each year are pledged to secure the 2018 Refunding Bonds and shall be deposited into the Tax Increment Fund. These Tax Increment Revenues consist of a percentage of the real property taxes collected in the TIF District in excess of the base tax less the amount payable to the respective Taxing Bodies as provided for in the Cooperation Agreement. The real property taxes to be collected from each taxable Parcel in the TIF District are shown in Exhibit A, which is attached here together with schedules from the Washington County Treasurer's website.

Pursuant to the Cooperation Agreement, any real estate taxes attributable to increases in the millage rates in excess of the millage rates on the Base Date are not pledged to the Authority. As a result of the County wide reassessment, the mill rate for each taxing body was adjusted downward to account for the increase in assessed value. Similar to the mill rates established by the Cooperation Agreement, the adjusted mill rates shown in Table H below, represents the applicable mill rate for each respective taxing body that will remain static until the next revaluation for purposes of the TIF District.

**Table H**  
**Adjusted Millage Rates**

<b>Taxing Body</b>	<b>Base Date Millage Rate</b>
County	0.002430
Township	0.000749
School District	0.013600
<b>Total</b>	<b>0.016779</b>

As shown by Exhibit A attached to this report, the assessed value for all Parcels in the district as of January 1, 2018 is equal to \$71,130,000.00. Taxable property in the Washington County is subject to real property taxes imposed by three separate Taxing Bodies namely; the County, the local municipality and the local School District. As mentioned above, the Base Date millage rates were adjusted downward to account for the increase in assessed value due to the County-wide reassessment. The newly adopted base millage rates, which represent the millage rates for each of the Taxing Bodies as of tax year 2017, are shown Table H. Pursuant to the Cooperation Agreement, the base tax is equal to \$7,551.70. As a result, the total estimated TIF Revenues are equal to \$1,185,938.57. Of this amount, 20% is pledged to the Taxing Bodies and 80% is pledged to the Authority. Table I on the following page provides a summary of the estimated TIF Revenues to be collected in 2018 for each of the three Taxing Bodies.

**Table I**  
**Estimated TIF Revenues**  
**Collected in 2018**

<b>Taxing Bodies</b>	<b>County</b>	<b>Township</b>	<b>School District</b>	<b>Total</b>
Real Property Tax Rate (Base Millage Rates)	0.002430	0.000749	0.0136	0.0168
Total Assessed Value	\$71,130,000	\$71,130,000	\$71,130,000	\$71,130,000
Estimated total real property taxes	\$172,846	\$53,276	\$967,368	\$1,193,490
Less: Base Taxes	(\$1,221)	(\$342)	(\$5,989)	(\$7,552)
Total Estimated Tax Increment Revenues	\$171,625	\$52,934	\$961,379	\$1,185,939
<i>Percent of Tax Increment Revenues</i>	98%	98%	98%	98%
Total Tax Increment Revenues	\$168,193	\$51,875	\$942,152	\$1,162,220
<i>Percent of TIF revenues paid to Taxing Bodies</i>	20%	20%	20%	20%
Estimated TIF Revenues to Taxing Bodies	\$33,639	\$10,375	\$188,430	\$232,444
Estimated TIF Revenues to Authority	<b>\$134,554</b>	\$41,500	\$753,721	\$929,776
Less: Adjustment for Appeals	(\$14,469)	(\$4,460)	(\$80,981)	(\$99,910)
<b>Total Estimated TIF Revenues to Authority</b>	<b>\$120,085</b>	<b>\$37,040</b>	<b>\$672,740</b>	<b>\$829,866</b>

The Cooperation Agreement provides for all tax revenues collected from Parcels within the district to be deposited into the tax funds for each taxing body that is held by the Trustee as the Escrow Agent. After deduction of the base tax and any real estate tax payment attributed to the increases in the taxing body's millage rate above the base date millage rate, each taxing body shall receive a certain percentage of the TIF Revenues. The NIDMA Board adopted the millage rates in effect for tax year 2017 for each taxing body as the Base Date millage rates to account for the increase in assessed value due to the County-wide reassessment. Accordingly, the newly adopted Base Date millage rates for the Township, School District and the County are 0.000749 mills, 0.0136 mills and 0.002430 mills, respectively. The Township, School District and the County will each receive a share equal to 20% of the total TIF Revenues collected each year. The estimated TIF Revenues due to the Taxing Bodies and the Authority are shown in the table above. The estimated TIF Revenues that will be available for debt service and Administrative Expenses for 2018 is equal to \$829,865.61, which reflects the

\$99,910.23 adjustment for TIF Revenues due back to the Marriot Hotel owner as a result of an appeal in their assessed value.

2) Annual Credit B

Annual Credit B for a Parcel in each year is an amount equal to the Adjusted Annual Installment for the Parcel divided by the Adjusted Annual Installment for all Parcels in the Improvement Area with the result multiplied by the Annual District Credit B.

The Annual Credit B for each Parcel shall be calculated according to the following formula:

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

Where the terms have the following meaning:

- A= the Annual Credit B for a Parcel
- B= the Annual District Credit B
- C= the Adjusted Annual Installment for the Parcel
- D = the Adjusted Annual Installment for all Parcels

The Annual District Credit B for tax year 2018 is equal to \$75,869.36. There are currently three taxable Parcels in Improvement Area A. The Annual Credit B for these Parcels is shown in Table J below.

**Table J**  
**Annual Credit B**

Parcel	Adjusted Annual Installment	Annual Credit B
600-001-00-00-0013-02	\$759,770	(\$55,809)
600-001-00-00-0013-06	\$20,818	(\$1,529)
600-001-00-00-0013-05	\$252,282	(\$18,531)
<b>Total</b>	<b>\$1,032,869</b>	<b>(\$75,869)</b>

4. Calculation of Annual Payment

Annual Payments are to be collected on each Parcel of taxable property after taking into consideration of the Annual Credits as explained above. The Annual Payment for each Parcel shall be equal to the following formula:

$$A = B - C - D$$

Where the terms have the following meaning:

- A = the Annual Payment for a Parcel
- B = the Annual Installment for the Parcel for the Assessment Year for which the calculation is being made
- C = the Annual Credit A for the Parcel for the Assessment Year for which the calculation is being made

D = the Annual Credit B for the Parcel for the Assessment Year for which the calculation is being made

The Annual Payment for a Parcel may not exceed the Annual Installment for the Parcel. The Annual Installment is the Special Assessment as set forth in the Special Assessment Roll due and payable each Assessment Year. Accordingly, the aggregate Annual Payment due for collection in 2018 is equal to \$957,000.00 (\$1,862,734.97 – \$829,865.61 – \$75,869.36 = \$957,000.00) as shown in Table K below.

**Table K**  
**Annual Payments**

<b>Parcel</b>	<b>Annual Installment</b>	<b>Annual Credit A</b>	<b>Annual Credit B</b>	<b>Annual Payment</b>
600-001-00-00-0013-02	\$1,563,680	(\$803,911)	(\$55,809)	\$703,960
600-001-00-00-0013-06	\$24,565	(\$3,747)	(\$1,529)	\$19,289
600-001-00-00-0013-05	\$274,490	(\$22,208)	(\$18,531)	\$233,751
<b>Total</b>	<b>\$1,862,735</b>	<b>(\$829,866)</b>	<b>(\$75,869)</b>	<b>\$957,000</b>

**SUMMARY**

Debt service and other district expenses are estimated to equal to \$2,120,788.71. Total available revenues are estimated to be equal to \$1,163,788.71 resulting in an estimated Annual Revenue Requirement of \$957,000.00 (\$2,120,788.71 – \$1,163,788.71 = \$957,000.00). The Annual Installments for each tax year are shown in the Assessment Roll, attached hereto as Appendix A-1. The Annual Installments to be collected in 2018 in the district are shown in the Assessment Roll, attached hereto as Appendix A-2. Exhibit A and schedules from the Washington County Treasurer’s website attached hereto shows the real property taxes to be collected from on taxable property in the TIF District.

**APPENDIX A-1**

Appendix A-I(a)

Victory Centre Neighborhood Improvement District  
 Improvement Area A  
 South Strabane Township, Pennsylvania

Annual Installments Collected In	Principal	Interest and Administrative Expenses	Annual Installment	Annual Credit	Annual Payment
2007	\$0	\$1,325,383	\$1,325,383	(\$1,325,383)	\$0
2008	\$35,000	\$1,326,183	\$1,361,183	(\$145,183)	\$1,216,000
2009	\$260,000	\$1,325,091	\$1,585,091	(\$635,091)	\$950,000
2010	\$305,000	\$1,311,753	\$1,616,753	(\$336,753)	\$1,280,000
2011	\$355,000	\$1,295,980	\$1,650,980	(\$340,980)	\$1,310,000
2012	\$410,000	\$1,277,498	\$1,687,498	(\$443,498)	\$1,244,000
2013	\$470,000	\$1,256,036	\$1,726,036	(\$413,036)	\$1,313,000
2014	\$530,000	\$1,231,322	\$1,761,322	(\$381,322)	\$1,380,000
2015	\$600,000	\$1,203,356	\$1,803,356	(\$637,356)	\$1,166,000
2016	\$670,000	\$1,171,594	\$1,841,594	(\$564,594)	\$1,277,000
2017	\$745,000	\$1,136,035	\$1,881,035	(\$819,035)	\$1,062,000
<b>2018</b>	<b>\$900,000</b>	<b>\$962,735</b>	<b>\$1,862,735</b>	<b>(\$905,735)</b>	<b>\$957,000</b>
2019	\$980,000	\$927,730	\$1,907,730		
2020	\$1,065,000	\$889,544	\$1,954,544		
2021	\$1,145,000	\$847,979	\$1,992,979		
2022	\$1,235,000	\$803,235	\$2,038,235		
2023	\$1,335,000	\$754,911	\$2,089,911		
2024	\$1,445,000	\$689,260	\$2,134,260		
2025	\$1,340,000	\$618,130	\$1,958,130		
2026	\$800,000	\$552,272	\$1,352,272		
2027	\$845,000	\$513,438	\$1,358,438		
2028	\$920,000	\$472,377	\$1,392,377		
2029	\$995,000	\$427,589	\$1,422,589		
2030	\$1,080,000	\$379,076	\$1,459,076		
2031	\$1,165,000	\$326,337	\$1,491,337		
2032	\$1,260,000	\$269,374	\$1,529,374		
2033	\$1,355,000	\$207,687	\$1,562,687		
2034	\$1,460,000	\$141,275	\$1,601,275		
<b>Total</b>	<b>\$19,325,000</b>	<b>\$9,782,950</b>	<b>\$29,107,950</b>	<b>(\$6,947,966)</b>	<b>\$13,155,000</b>

This schedule shows the Annual Installment that may be collected each year. The Special Assessment Roll shall be updated from time to time pursuant to the provisions of the Rate and Method of Apportionment of Special Assessments. The Annual Installment due in any year may be changed to reflect actual district expenses as long as the total is not exceeded.

Appendix A-I(b)

SPECIAL ASSESSMENT ROLL

Victory Centre Neighborhood Improvement District  
 Improvement Area B  
 South Strabane Township, Pennsylvania

Annual Installments Collected In	Principal	Interest and Administrative Expenses	Annual Installment
2007	\$0	\$0	\$0
2008	\$0	\$1,892,681	\$1,892,681
2009	\$0	\$1,893,349	\$1,893,349
2010	\$0	\$1,894,038	\$1,894,038
2011	\$0	\$1,894,747	\$1,894,747
2012	\$200,000	\$1,895,477	\$2,095,477
2013	\$250,000	\$1,882,230	\$2,132,230
2014	\$310,000	\$1,865,504	\$2,175,504
2015	\$380,000	\$1,844,603	\$2,224,603
2016	\$450,000	\$1,818,825	\$2,268,825
2017	\$520,000	\$1,788,171	\$2,308,171
2018	\$610,000	\$1,752,644	\$2,362,644
2019	\$690,000	\$1,710,842	\$2,400,842
2020	\$790,000	\$1,663,467	\$2,453,467
2021	\$890,000	\$1,609,120	\$2,499,120
2022	\$1,010,000	\$1,547,802	\$2,557,802
2023	\$1,130,000	\$1,478,113	\$2,608,113
2024	\$1,260,000	\$1,400,054	\$2,660,054
2025	\$1,400,000	\$1,312,927	\$2,712,927
2026	\$1,550,000	\$1,216,032	\$2,766,032
2027	\$800,000	\$1,108,669	\$1,908,669
2028	\$890,000	\$1,053,842	\$1,943,842
2029	\$990,000	\$992,749	\$1,982,749
2030	\$1,100,000	\$924,692	\$2,024,692
2031	\$1,210,000	\$848,973	\$2,058,973
2032	\$1,340,000	\$765,592	\$2,105,592
2033	\$1,480,000	\$673,151	\$2,153,151
2034	\$1,620,000	\$570,951	\$2,190,951
2035	\$1,780,000	\$458,992	\$2,238,992
2036	\$1,940,000	\$335,877	\$2,275,877
2037	\$2,130,000	\$201,606	\$2,331,606
<b>Total</b>	<b>\$26,720,000</b>	<b>\$40,295,720</b>	<b>\$67,015,720</b>



**APPENDIX A-2**

Appendix A-2 (a)

SPECIAL ASSESSMENT ROLL

(Annual Installments Collected in 2018)  
 Victory Centre Neighborhood Improvement District  
 Improvement Area A  
 South Strabane Township, Pennsylvania

Tax Year 2018

Tax Map Number <sup>1</sup>	Parcel	Owner	Special Assessment	Principal Portion of Special Assessment	Annual Parcel Installment	Annual Credit A	Annual Credit B	Annual Credit	Annual Payment 2018
600-001-00-00-0013-02	Tanger Outlet Center	Tanger Factory Outlet Centers, Inc	\$24,434,791	\$16,222,452	\$1,563,681	(\$803,911)	(\$55,809)	(\$859,720)	\$703,961
600-001-00-00-0013-06	Outparcel E/F	Tanger Factory Outlet Centers, Inc	\$383,857	\$254,846	\$24,565	(\$3,747)	(\$1,529)	(\$5,276)	\$19,289
600-001-00-00-0013-05	Outparcel G	Black Sapphire C Meadowlands 2014	\$4,289,302	\$2,847,702	\$274,490	(\$22,208)	(\$18,531)	(\$40,739)	\$233,751
Total			\$29,107,950	\$19,325,000	\$1,862,735	(\$829,866)	(\$75,869)	(\$905,735)	\$957,000

<sup>1</sup>Previously the district had two parcels with Tax Map Numbers 600-001-00-00-0013-02 and 600-001-00-00-0045-01. These two parcels were consolidated and the Tax Map Number 600-001-00-00-0013-02 retained. Subdivision of plat for these three was recorded with South Strabane Township in 2009 and special assessments have been reallocated accordingly.

This schedule shows the Special Assessment allocated to each Parcel and the Annual Parcel Installment and Annual Payment for the Tax Year 2018. The Special Assessment Roll shall be updated each Tax Year pursuant to the provisions of the Rate and Method of Apportionment of Special Assessments.

Appendix A-2(b)

SPECIAL ASSESSMENT ROLL

(Annual Installments Collected in 2018)  
Victory Centre Neighborhood Improvement District  
Improvement Area B  
South Strabane Township, Pennsylvania

Parcel	Special Assessment	Principal Portion of Special Assessment	Annual Instalment	Annual Credit A	Annual Credit B	Annual Payment
600-001-00-00-0010-00(entire)	\$37,500,635.35	\$14,951,969.13	\$1,322,087.58	\$0.00	\$0.00	\$0.00
600-001-00-00-0010-05(entire)	\$29,515,084.65	\$11,768,030.87	\$1,040,556.42	\$0.00	\$0.00	\$0.00
Total	\$67,015,720.00	\$26,720,000.00	\$2,362,644.00	\$0.00	\$0.00	\$0.00

**EXHIBIT A**

Exhibit A

Victory Centre Neighborhood Improvement District  
South Strabane Township, Pennsylvania

Projected Tax Increment Real Property Tax Revenues 2018

Tax Parcel	Improvement Area	Acreage	Special Assessment	Principal Portion	Total Value	Washington County				South Strabane Township				Trinity School District						
						Estimated Incremental Tax Revenues (0.00243 mills)				Estimated Incremental Tax Revenues (0.000749 mills)				Estimated Incremental Tax Revenues (0.0136 mills)						
						Tax Revenues	Base Tax	Increment Taxes	Authority	County	Tax Revenues	Base Tax	Increment Taxes	Authority	County	Tax Revenues	Base Tax	Increment Taxes	Authority	County
600-001-00-00-0013-02	A	107.856	\$24,434,790.75	\$16,222,452.44	\$61,532,000.00	\$149,522.76	(\$1,139.31)	\$145,415.78	\$116,332.62	\$29,083.16	\$46,087.47	(\$319.43)	\$44,852.68	\$35,882.14	\$8,970.54	\$836,835.20	(\$5,590.11)	\$814,620.19	\$651,696.15	\$162,924.04
600-001-00-00-0013-06	A	3.382	\$383,856.77	\$254,845.57	\$298,000.00	\$724.14	(\$35.73)	\$674.64	\$539.71	\$134.93	\$223.20	(\$10.02)	\$208.92	\$167.13	\$41.78	\$4,052.80	(\$175.29)	\$3,799.96	\$3,039.97	\$759.99
600-001-00-00-0013-05	A	4.312	\$2,715,079.39	\$2,847,701.99	\$9,300,000.00	\$22,599.00	(\$45.55)	\$22,102.38	\$17,681.90	\$4,420.48	\$6,965.70	(\$12.77)	\$6,813.87	\$5,451.10	\$1,362.77	\$126,480.00	(\$223.49)	\$123,731.38	\$98,985.10	\$24,746.28
600-001-00-00-0010-00	B	182.539	\$37,500,635.35	\$14,951,969.13	\$38,400.00	\$93.31	(\$90.16)	\$3.15	\$0.00	\$3.15	\$28.76	(\$25.28)	\$3.48	\$0.00	\$3.48	\$522.24	(\$442.37)	\$79.87	\$0.00	\$79.87
600-001-00-00-0010-05	B	29.09	\$29,515,084.65	\$11,768,030.87	\$1,476,200.00	\$3,587.17	(\$2,824.07)	\$763.09	\$0.00	\$763.09	\$1,105.67	(\$791.80)	\$313.87	\$0.00	\$313.87	\$20,076.32	(\$13,856.43)	\$6,219.89	\$0.00	\$6,219.89
<b>Total</b>		<b>327.179</b>	<b>\$94,549,446.90</b>	<b>\$46,045,000.00</b>	<b>\$72,644,600.00</b>	<b>\$176,526.38</b>	<b>(\$4,134.82)</b>	<b>\$168,959.05</b>	<b>\$134,554.24</b>	<b>\$34,404.81</b>	<b>\$54,410.81</b>	<b>(\$1,159.30)</b>	<b>\$52,192.82</b>	<b>\$41,500.37</b>	<b>\$10,692.45</b>	<b>\$987,966.56</b>	<b>(\$20,287.69)</b>	<b>\$948,451.29</b>	<b>\$753,721.22</b>	<b>\$194,730.07</b>