NEW ISSUE—BOOK-ENTRY ONLY **NOT RATED**

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, under existing law, (a) the interest on the 2006 Bonds is excludable from gross income for Federal income tax purposes, and (b) the interest on the 2006 Bonds is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest may be taken into account in determining "adjusted current earnings" for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States. It is also the opinion of Bond Counsel that, by the terms of the Act, the principal amount of the 2006 Bonds, the interest payable thereon, their transfer and any income derived from their transfer, including any profit made in the sale or transfer of the 2006 Bonds, shall be exempt from taxation by the State of Maryland and by the counties and municipal corporations of the State of Maryland, provided however that no opinion is expressed concerning estate or inheritance taxes, or any other taxes not levied or assessed directly on the 2006 Bonds or the interest thereon. See the information contained herein under the caption "TAX EXEMPTION."

$36,310,000
MAYOR AND COUNCIL OF BRUNSWICK
(CITY OF BRUNSWICK, MARYLAND)
SPECIAL OBLIGATION BONDS
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

Rate: 5.50%
Price: 100%

Dated: Date of Delivery **Due: July 1, 2036**

The Mayor and Council of Brunswick (City of Brunswick, Maryland) Special Obligation Bonds (Brunswick Crossing Special Taxing District), Series 2006 (the "2006 Bonds") are being issued by the Mayor and Council of Brunswick, a body corporate and politic and a political subdivision of the State of Maryland (the "City"), only in fully registered form, in aggregate denominations of $100,000 or integral multiples of $1,000 in excess of $100,000. The 2006 Bonds will bear interest at the rate set forth above, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable semi-annually on each January 1 and July 1, commencing January 1, 2007. The 2006 Bonds, when issued, will be registered in the name of Cede & Co., as the Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2006 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2006 Bonds will be paid from the sources provided below by Manufacturers and Traders Trust Company, as trustee (the "Trustee"), directly to Cede & Co. as the nominee of DTC and the registered owner of the 2006 Bonds. Disbursements of such payments to the DTC Participants are the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein. Beneficial owners of a 2006 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2006 Bonds. See "DESCRIPTION OF THE 2006 BONDS—Book-Entry Only System" herein.

The 2006 Bonds are being issued by the City under and pursuant to Article 23A, Section 44A of the Annotated Code of Maryland, as amended (the "Act"), certain proceedings of the City, and a Trust Indenture dated as of September 1, 2006 (the "Indenture") between the City and the Trustee. The 2006 Bonds are equally and ratably secured under the Indenture by a first pledge of the amounts collected by or on behalf of the City from landowners or otherwise collected as a result of Special Taxes, including amounts received from the collection of delinquent Special Taxes (the "Special Tax Revenues"). The Special Taxes will be levied upon land within the boundaries of the District (defined herein) specially benefited by certain infrastructure improvements financed and refinanced with the proceeds of the 2006 Bonds. See "THE PROJECT" herein for a more detailed explanation of such infrastructure improvements.

The 2006 Bonds are subject to optional, mandatory and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein under the caption "DESCRIPTION OF THE 2006 BONDS—Redemption Provisions."

The 2006 Bonds are being issued to: (i) finance the acquisition and construction of the Project; (ii) pay interest on the 2006 Bonds for approximately 34 months from the date of issuance of the 2006 Bonds; (iii) fund a reserve fund for the 2006 Bonds; and (v) pay certain professional fees and costs of issuance.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF MARYLAND (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER ASSESSMENTS OR TAXES ARE PLEDGED TO THE PAYMENT OF THE 2006 BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED UNDER THE INDENTURE IN THE SPECIAL TAX FUND, THE BOND FUND, THE IMPROVEMENT FUND (EXCLUSIVE OF THE NEW PROJECT FEES ACCOUNT) AND THE RESERVE FUND AS MORE FULLY DESCRIBED HEREIN.

NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE 2006 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE CITY WOULD HAVE BEEN SUCCESSFUL IN OBTAINING AN INVESTMENT GRADE RATING FOR THE 2006 BONDS HAD APPLICATION BEEN MADE. THE UNDERWRITER INTENDS TO LIMIT THIS OFFERING TO ACCREDITED INVESTORS WITHIN THE MEANING OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

This cover page contains information for quick reference only. It is not a summary of the 2006 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The 2006 Bonds are offered for delivery when, as and if issued by the City and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Venable LLP, Baltimore, Maryland, Bond Counsel, as to the validity of the 2006 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Underwriter by McGuireWoods LLP, Baltimore, Maryland. Certain legal matters will be passed upon for the Developer by Miles & Stockbridge P.C., Baltimore, Maryland. It is expected that the 2006 Bonds will be available for delivery on or about September 22, 2006.

Banc of America Securities LLC

Dated: September 14, 2006

No broker, dealer, salesperson, or other person has been authorized by the City or the Underwriter (as defined herein) to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any of the 2006 Bonds and there shall be no offer, solicitation, or sale of the 2006 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from public documents, records and other sources, including the Developer (as defined herein), which are believed by the Underwriter to be reliable. While the Underwriter does not guaranty the accuracy of this information, to the best of Underwriter's knowledge, this Limited Offering Memorandum does not contain any untrue statement of a material fact and does not omit to state any material fact required to be stated herein or necessary to make the statements herein in the light of the circumstances under which they have been made not misleading. The information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Limited Offering Memorandum, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Developer since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2006 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2006 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2006 BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTIONS IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE STATE, THE CITY, NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2006 BONDS. THE CITY HAS ONLY PASSED UPON THE ACCURACY AND FACTUAL COMPLETENESS OF THE FOLLOWING SECTIONS OF THIS LIMITED OFFERING MEMORANDUM: "INTRODUCTION" (EXCLUDING PARAGRAPHS EIGHT AND NINE), "DESCRIPTION OF THE 2006 BONDS" (EXCLUDING THE SUBSECTION ENTITLED "BOOK-ENTRY ONLY SYSTEM"), "ANNUAL DEBT SERVICE," "SECURITY FOR AND SOURCES OF PAYMENT OF THE 2006 BONDS," "ESTIMATED SOURCES AND USES OF 2006 BOND PROCEEDS," "THE CITY," THE FIRST PARAGRAPH OF "THE DISTRICT," "LEGALITY FOR INVESTMENT," "CONTINUING DISCLOSURE" TO THE EXTENT THE SECTION RELATES TO THE CITY AND "LITIGATION" TO THE EXTENT THE SECTION RELATES TO THE CITY. HOWEVER, THE CITY HAS NOT PASSED UPON THE ACCURACY OR COMPLETENESS OF THE REMAINING SECTIONS OF THIS LIMITED OFFERING MEMORANDUM. NEITHER THE STATE NOR ANY OF ITS AGENCIES HAVE PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

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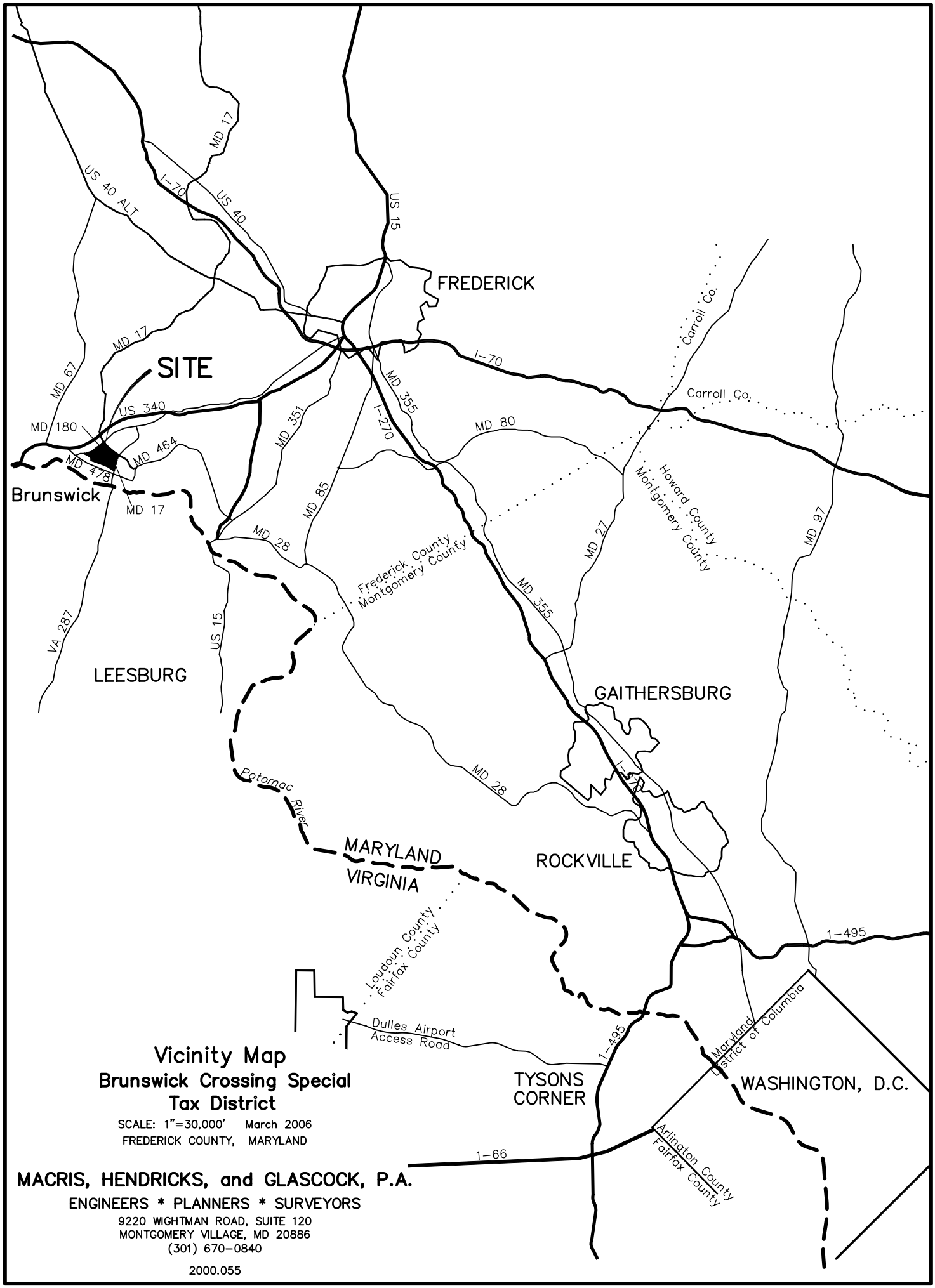


Vicinity Map

Brunswick Crossing Special Tax District

SCALE: 1"=30,000' March 2006

FREDERICK COUNTY, MARYLAND

MACRIS, HENDRICKS, and GLASCOCK, P.A.

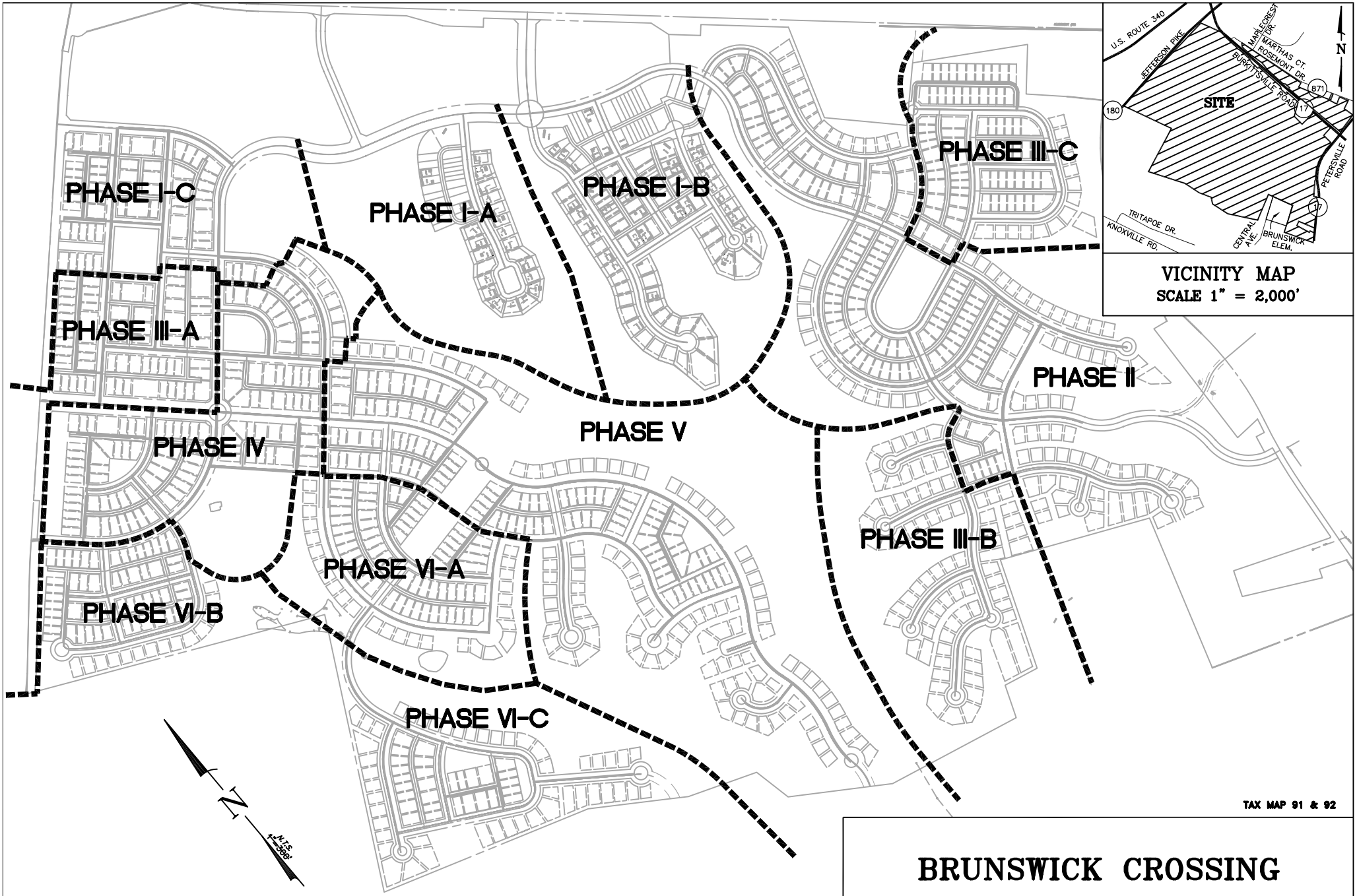
ENGINEERS * PLANNERS * SURVEYORS

9220 WIGHTMAN ROAD, SUITE 120

MONTGOMERY VILLAGE, MD 20886

(301) 670-0840

2000.055



VICINITY MAP
SCALE 1" = 2,000'

TAX MAP 91 & 92

BRUNSWICK CROSSING

CITY OF BRUNSWICK
25TH ELECTION DISTRICT – FREDERICK COUNTY – MARYLAND

BRUNSWICK CROSSING
(NOT TO SCALE)

MHG
Macris, Hendricks & Glascock, P.A.
Engineers ▪ Planners
Landscape Architects ▪ Surveyors
9220 Wightman Road, Suite 120
Montgomery Village, Maryland
20886-1279
Phone 301.670.0840
Fax 301.948.0693
www.mhgpa.com

Proj. Mgr.	Designer
JAR	JAR
Date	Scale
8-09-06	N.T.S.
Project No.	Sheet
00.055.13	1 of 1

Limited Offering Memorandum

MAYOR AND COUNCIL OF BRUNSWICK
(CITY OF BRUNSWICK, MARYLAND)
SPECIAL OBLIGATION BONDS
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

INTRODUCTION

This Limited Offering Memorandum, including the cover page and Appendices hereto, is provided to set forth certain information in connection with the issuance and sale of $36,310,000 aggregate principal amount of Mayor and Council of Brunswick (City of Brunswick, Maryland) Special Obligation Bonds (Brunswick Crossing Special Taxing District) Series 2006 (the "2006 Bonds").

The 2006 Bonds will be issued pursuant to Article 23A, Section 44A of the Annotated Code of Maryland, as amended (the "Act"), certain proceedings of the City, including Special Ordinance No. 431 (the "Ordinance") adopted by the Mayor and Council of Brunswick on October 11, 2005, an order of the Mayor, and a Trust Indenture by and between the Mayor and Council of Brunswick, a body corporate and politic and a political subdivision of the State of Maryland (the "City") and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), dated as of September 1, 2006 (the "Indenture"). The 2006 Bonds will be initially issued as fully registered bonds in book entry form in denominations of $100,000 or any integral multiple of $1,000 in excess thereof. See "DESCRIPTION OF THE 2006 BONDS – General Description" herein.

The 2006 Bonds will be secured by the proceeds of a special tax (the "Special Tax") to be levied on the taxable parcels within the boundaries of a special taxing district known as the Brunswick Crossing Special Taxing District (the "District") created pursuant to the Ordinance. The 2006 Bonds are also secured by certain funds held by the Trustee under the Indenture, as hereinafter described. Certain capitalized terms used in this Limited Offering Memorandum are defined in the Indenture. See APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OF MARYLAND (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2006 BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2006 BONDS. THE 2006 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED UNDER THE INDENTURE IN THE SPECIAL TAX FUND, THE BOND FUND, THE IMPROVEMENT FUND (EXCLUSIVE OF THE NEW PROJECT FEES ACCOUNT) AND THE RESERVE FUND AS MORE FULLY DESCRIBED HEREIN.

The 2006 Bonds are not a suitable investment for all investors. See "BONDHOLDERS' RISKS" and "SUITABILITY FOR INVESTMENT" herein. The Underwriter intends to limit the offering of the 2006 Bonds to Accredited Investors within the meaning of Regulation D of the Securities Act of 1933, as amended. No person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The Act provides a method of financing certain infrastructure improvements by Maryland municipal corporations, including the City, through the creation of special taxing districts. The Act provides for the creation of such special taxing districts by the City upon the request of (i) the owners of at least two-thirds of the assessed valuation of the real property located within the special taxing district or outside the special taxing district and reasonably related to other infrastructure improvements within the special taxing district and (ii) at least two-thirds of the owners of the real property located within the special taxing district. Upon approval of the creation of the special taxing district, the City may issue special obligation bonds for infrastructure improvements located within the special taxing district and may levy and collect special taxes within such district to pay the debt service and administrative expenses in connection

with such bonds. The special taxes levied shall be collected and secured in the same manner as general ad valorem taxes of the City and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for general ad valorem taxes of the City. Special taxes so levied and collected by or on behalf of the City will be deposited in a special fund held by the City and promptly transferred to the Trustee to be used to pay debt service on the bonds issued to pay for the infrastructure improvements

Following the receipt of petitions from the requisite number and valuation of real property owners, the District was established by the Ordinance pursuant to the provisions of the Act for the purposes of financing the cost of the design, construction, establishment, extension, alteration and acquisition of certain infrastructure improvements necessary within or outside of the District. The Act authorizes the City to issue the 2006 Bonds for the purpose of, among others, financing or reimbursing the cost of storm drain systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreational facilities, entrance areas, security facilities, fencing, landscaping improvements, curbs and gutters, flood mitigation uses, libraries, transit facilities, and other infrastructure.

The District encompasses approximately 552.7 acres located in Brunswick, Maryland proximate to the intersection of Jefferson Pike and Burkittsville Road in Frederick County, Maryland. The District is located approximately 15 miles southwest of the Frederick, Maryland and the Montgomery County I-270 corridor, a commercial, employment and residential corridor of the Washington, D.C. region.

Lands located within the District are currently undergoing development and are owned by Brunswick Crossing, LLC (the "Developer"). The Developer is presently developing lands within the District, and has secured zoning and public approvals allowing for "Planned Unit Development," "General Commercial" and "Office/Research" uses. Of the approximately 552.7 acres in the Development, approximately 37.8 acres are intended to be developed for retail or office use. Public approvals allow for the development of up to 1,505 dwelling units, approximately 210,900 square feet of retail space and approximately 178,100 square feet of office/research space (as further described herein, the "Development" or "Brunswick Crossing"). The boundaries of the District and the Development are coterminous. The Developer expects that lands within the District will continue to be developed over the next eight to ten years. See "THE DEVELOPER" and "THE DEVELOPMENT."

The City has determined to obtain funds necessary to finance or refinance certain infrastructure improvements to be located within the District and outside the District, all of which directly benefit the District, and which shall be financed with the proceeds of the 2006 Bonds (as more particularly described herein, the "Project"). See "THE DISTRICT – The Public Improvements."

The proceeds of the 2006 Bonds will be used to (i) fund the construction and acquisition of the Project, (ii) make a deposit to the Reserve Fund created under the Indenture in the amount of the initial Reserve Requirement for the 2006 Bonds, (iii) fund capitalized interest (together with certain interest earnings) on 2006 Bonds for a period of approximately 34 months from the date of issuance of the 2006 Bonds, and (iv) pay costs of issuing the 2006 Bonds. See "APPENDIX C – ENGINEER'S REPORT" and "THE PROJECT" herein for detailed description of the Project to be funded with proceeds of the 2006 Bonds.

The 2006 Bonds will be secured by (a) the Special Taxes Revenues (hereinafter defined), received by the Trustee and placed in the Special Tax Fund pledged to repay the 2006 Bonds and (b) moneys in the Bond Fund, the Improvement Fund (excluding monies in the New Project Fees Account thereof) and the Reserve Fund established under the Indenture.

The 2006 Bonds are payable from the Special Taxes determined by the City each year pursuant to and in the manner provided in Ordinance, and payable by the record owners of property within the District. The City covenants for the benefit of the Bondowners of the 2006 Bonds that it will comply with the provisions of the Act to assure the timely collection of any Special Taxes or installment thereof not paid when due. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE 2006 BONDS," "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES" and APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS – TRUST INDENTURE.

There follows in this Limited Offering Memorandum a brief description of the infrastructure improvements to be constructed and acquired with the proceeds of the 2006 Bonds, together with summaries of the terms of the 2006 Bonds, the Indenture, the Funding Agreement (hereinafter defined) and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and all references to the 2006 Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture.

DESCRIPTION OF THE 2006 BONDS

General Description

The 2006 Bonds are initially issuable only in fully registered form, in denominations of $100,000 and integral multiples of $1,000 in excess thereof. The 2006 Bonds will be sold only to Accredited Investors within the meaning of Regulation D of the Securities Act of 1933, as amended.

The 2006 Bonds will be dated the date of their delivery, will bear interest from that date at the rate per annum and, subject to the redemption provisions set forth below, will mature on the date set forth on the cover page of this Limited Offering Memorandum. Interest on the 2006 Bonds will be computed on the basis of a 360-day year of twelve 30-day months and shall be due and payable on January 1 and July 1 of each year, commencing on January 1, 2007. The 2006 Bonds shall be initially issued in the form of a single fully registered certificate. Upon initial issuance, the ownership of the 2006 Bonds will be registered in the registration books kept by the Trustee, in its capacity as initial Registrar in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial Securities Depository. Except as otherwise provided in the Indenture, all of the Outstanding 2006 Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC. See "DESCRIPTION OF THE 2006 BONDS – Book-Entry Only System" herein.

With respect to 2006 Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Trustee shall have no responsibility or obligation to any Direct Participant (hereinafter defined) or to any Indirect Participant (hereinafter defined). Without limiting the immediately preceding sentence, the City, the Registrar and the Trustee will have no responsibility or obligation with respect to: (i) the accuracy of the records of DTC, Cede & Co. or any Participant (hereinafter defined) with respect to any ownership interest in the 2006 Bonds; (ii) the delivery to any Participant or any person other than an Bondowner, as shown in the registration books kept by the Registrar, of any notice with respect to the 2006 Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a Bondowner, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, premium, if any, or interest on the 2006 Bonds. The City, the Registrar and the Trustee may treat and consider the person in whose name each 2006 Bond is registered in the registration books kept by the Registrar as the Bondowner of such 2006 Bond for the purpose of payment of principal of, premium, if any, and interest with respect to such 2006 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2006 Bond, for the purpose of registering transfers with respect to such 2006 Bond, and for all other purposes whatsoever. The Trustee will pay all principal of and interest on the 2006 Bonds only to or upon the order of the respective Bondowners, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided in the Indenture, and all such payments will be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the 2006 Bonds to the extent of the sum or sums so paid.

Manufacturers and Traders Trust Company is the initial Trustee and Registrar for the 2006 Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2006 BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2006 BONDS. THE 2006 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, BUT ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED UNDER THE INDENTURE IN THE SPECIAL TAX FUND, AND THE BOND FUND, THE IMPROVEMENT FUND (EXCLUSIVE OF THE NEW PROJECT FEES ACCOUNT) AND THE RESERVE FUND AS MORE FULLY DESCRIBED HEREIN.

Redemption Provisions

The 2006 Bonds are subject to redemption prior to maturity, either in whole at any time or in part on any Interest Payment Date in denominations of $1,000 or any integral multiple thereof provided that no redemption shall result in a 2006 Bond in a denomination of less than $100,000, and at such times, in the manner and at such prices, as provided in the following paragraphs captioned "Redemption of 2006 Bonds."

If fewer than all of the 2006 Bonds of a particular series shall be called for redemption, the particular 2006 Bonds or portions of 2006 Bonds of such series to be redeemed shall be selected by lot or in such manner as the Trustee may determine.

If it is determined that part but not all of an Outstanding 2006 Bond shall be selected for redemption, a new 2006 Bond or 2006 Bonds of the same maturity and in aggregate principal amount equal to the unredeemed portion thereof, bearing interest at the same rate and of any Authorized Denomination, shall be issued to the registered owner upon surrender of such 2006 Bond.

The City may purchase 2006 Bonds in the open market from time to time, subject to the provisions of the Indenture, regardless of whether such 2006 Bond is then subject to redemption. See "DESCRIPTION OF THE 2006 BONDS – Purchase of 2006 Bonds."

If it is determined that the interest on the 2006 Bonds is not excludable from gross income for Federal income tax purposes, the 2006 Bonds are not subject to early redemption and will remain Outstanding to maturity or until redeemed under the optional redemption, extraordinary redemption or mandatory sinking fund redemption provisions of the Indenture. See "TAX EXEMPTION."

Redemption of 2006 Bonds

Optional Redemption. The 2006 Bonds are subject to redemption prior to maturity at the option of the City, in whole at any time or in part, on any Interest Payment Date on or after July 1, 2016 at a Redemption Price equal to the principal amount of the 2006 Bonds to be redeemed, plus accrued interest from the most recent Interest Payment Date to the date set for redemption.

Mandatory Sinking Fund Redemption. The 2006 Bonds are subject to redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments (as defined in the Indenture) on July 1 of the following years in the following principal amounts:

Year	Sinking Fund Installment	Year	Sinking Fund Installment
2010	$129,000	2024	$1,240,000
2011	$178,000	2025	$1,364,000
2012	$231,000	2026	$1,496,000
2013	$288,000	2027	$1,637,000
2014	$349,000	2028	$1,787,000
2015	$415,000	2029	$1,946,000
2016	$484,000	2030	$2,115,000
2017	$559,000	2031	$2,294,000
2018	$638,000	2032	$2,485,000
2019	$723,000	2033	$2,687,000
2020	$814,000	2034	$2,902,000
2021	$911,000	2035	$3,130,000
2022	$1,013,000	2036*	$3,372,000
2023	$1,123,000		

*Final Maturity

Extraordinary Redemption. The 2006 Bonds are subject to extraordinary redemption prior to maturity as a whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption, from:

(i) funds transferred from the Improvement Fund to the Bond Fund after a determination that such amounts are not expected to be expended for the payment of the costs or reimbursement of the costs of the Project,

(ii) funds transferred from the Improvement Fund to the Bond Fund following a certification that the Project has been completed and all costs of the Project have been paid,

(iii) amounts in the Bond Fund as a result of transfers of funds from the Special Tax Prepayment Account of the Indenture,

(iv) amounts in the Bond Fund as a result of transfers of funds from the Special Tax Fund, following the payment of principal, premium, if any, and interest due on the 2006 Bonds and any required payments to the Reserve Fund, and

(v) amounts in the Bond Fund resulting from the transfer of a proportionate amount of the Reserve Fund which shall be transferred to the Bond Fund pursuant to the Indenture whenever 2006 Bonds are to be redeemed pursuant to (iii) above.

See APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS – TRUST INDENTURE.

Notice of Redemption of Bonds. The Trustee shall give notice of redemption of the Bonds in the name of the City at least 30 days before the redemption date to the registered owners of the Bonds to be redeemed. The failure to give any notice of redemption to any registered owner of the Bonds shall not affect the validity of the election to redeem Bonds pursuant to the Indenture as to which notice was properly given.

Each notice of redemption of Bonds shall be given in accordance with the terms of the Bonds and shall set forth (i) the maturities of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the principal corporate trust office of the Trustee, (v) if fewer than all of the Bonds of a Series of any one maturity then Outstanding shall be called for redemption, the CUSIP numbers and Bond numbers of the Bonds to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (vii) any conditions to such redemption and (viii) that on the redemption date, if all conditions, if any, to such redemption have been satisfied, there shall become due and payable upon all Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. If any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond to the Trustee at its principal corporate trust office, a new Bond or Bonds of the same Series and maturity, bearing interest at the same rate and of any authorized denomination will be issued in aggregate principal amount equal to the unredeemed portion of such Bond.

Each notice of redemption with respect to any Bond shall comply with any published and mandatory regulation or release of the Securities Exchange Commission, the Municipal Securities Rulemaking Board or other governmental board or body from time to time applicable to such Bond.

If notice of redemption shall have been given as described above and all conditions, if any, to such redemption have been satisfied, then on or prior to the redemption date the City shall pay to the Trustee from the Special Tax Revenues an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, shall be sufficient to redeem at the Redemption Price thereof, plus accrued interest to the redemption date, all of the Bonds the City has so elected to redeem.

Reference is hereby specifically made to APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS – TRUST INDENTURE for additional details concerning the redemption of 2006 Bonds.

Purchase of 2006 Bonds

The Trustee, at the direction of the City, shall endeavor to purchase 2006 Bonds at the most advantageous prices obtainable from available moneys on deposit in the Bond Fund. No such purchase shall be made by the Trustee within 30 days preceding any Interest Payment Date on which the 2006 Bonds are subject to call or redemption, or at a price greater than the redemption price of such 2006 Bonds on the next Interest Payment Date at which such 2006 Bonds are subject to redemption and any accrued interest to the date of purchase.

Book-Entry Only System

DTC will act as securities depository for the 2006 Bonds. The 2006 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2006 Bond will be issued for each maturity of the 2006 Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2006 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2006 Bonds, except in the event that use of the book-entry system for the 2006 Bonds is discontinued.

To facilitate subsequent transfers, all 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2006 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2006 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2006 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2006 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2006 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents. For example, Beneficial Owners of 2006 Bonds may wish to ascertain that the nominee holding the 2006 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners that meet the requirements of a Notice Holder may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2006 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2006 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal of, redemption premium, if any, and interest on the 2006 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC (nor its nominee), the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2006 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2006 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2006 Bond certificates will be printed and delivered.

NONE OF THE CITY, THE UNDERWRITER NOR THE TRUSTEE CAN OR WILL GIVE ANY ASSURANCES THAT DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS OF THE 2006 BONDS WILL GIVE NOTICES RECEIVED BY THEM, OR HAVING RECEIVED PAYMENTS, WILL MAKE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST PAYMENTS ON THE 2006 BONDS TO THE BENEFICIAL OWNERS OF THE 2006 BONDS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter takes any responsibility for the completeness or accuracy thereof.

ANNUAL DEBT SERVICE

Pursuant to the Indenture, the Annual Debt Service for the 2006 Bonds is as follows:

Bond Year Ending (July 1)	Principal	Interest	Annual Debt Service
2007	$ –	$1,547,713.75	$1,547,713.75
2008	–	1,997,050.00	1,997,050.00
2009	–	1,997,050.00	1,997,050.00
2010	129,000	1,997,050.00	2,126,050.00
2011	178,000	1,989,955.00	2,167,955.00
2012	231,000	1,980,165.00	2,211,165.00
2013	288,000	1,967,460.00	2,255,460.00
2014	349,000	1,951,620.00	2,300,620.00
2015	415,000	1,932,425.00	2,347,425.00
2016	484,000	1,909,600.00	2,393,600.00
2017	559,000	1,882,980.00	2,441,980.00
2018	638,000	1,852,235.00	2,490,235.00
2019	723,000	1,817,145.00	2,540,145.00
2020	814,000	1,777,380.00	2,591,380.00
2021	911,000	1,732,610.00	2,643,610.00
2022	1,013,000	1,682,505.00	2,695,505.00
2023	1,123,000	1,626,790.00	2,749,790.00
2024	1,240,000	1,565,025.00	2,805,025.00
2025	1,364,000	1,496,825.00	2,860,825.00
2026	1,496,000	1,421,805.00	2,917,805.00
2027	1,637,000	1,339,525.00	2,976,525.00
2028	1,787,000	1,249,490.00	3,036,490.00
2029	1,946,000	1,151,205.00	3,097,205.00
2030	2,115,000	1,044,175.00	3,159,175.00
2031	2,294,000	927,850.00	3,221,850.00
2032	2,485,000	801,680.00	3,286,680.00
2033	2,687,000	665,005.00	3,352,005.00
2034	2,902,000	517,220.00	3,419,220.00
2035	3,130,000	357,610.00	3,487,610.00
2036	3,372,000	185,460.00	3,557,460.00
TOTAL	$36,310,000	$44,364,608.75	$80,674,608.75

SECURITY FOR AND SOURCES OF PAYMENT OF THE 2006 BONDS

Special Tax Revenues

Introduction

The primary source of payment for the 2006 Bonds are the Special Taxes imposed on each taxable parcel of land within the District. The Special Taxes are levied upon land within the District specially benefited by certain infrastructure improvements acquired, constructed or equipped or to be acquired, constructed and equipped with the proceeds of the 2006 Bonds. The principal of, premium, if any, and interest on the 2006 Bonds are equally and ratably secured under the Indenture by a first pledge of Special Taxes collected by or on behalf of the City from landowners or

otherwise collected as a result of Special Taxes, including amounts received from the collection of unpaid and delinquent Special Taxes (the "Special Taxes Revenues"). Penalties collected by the City in connection with the collection of delinquent Special Taxes are excluded from the definition of Special Taxes. See "THE PROJECT" herein for a more detailed description of the infrastructure improvements to be financed with the 2006 Bonds.

Collection of Special Taxes

The City, in cooperation with the County Commissioners of Frederick County (the "County"), shall comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

The Administrator shall fix the amount of Special Taxes within the District required for the payment of principal of and interest on any Outstanding 2006 Bonds becoming due and payable during the ensuing Fiscal Year, including any necessary replenishment or expenditure of the Reserve Fund for the 2006 Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under Section 148 of the Internal Revenue Code) during such Fiscal Year, taking into account the balances in such funds and in the Special Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the Rate and Method (hereinafter defined). The Independent Financial Consultant shall send written notification to the City of any Special Taxes to be levied for the ensuing Fiscal Year.

The Special Taxes shall be payable and be collected in the same manner and at the same time as general ad valorem taxes on real property are payable, and have the same priority, become delinquent at the same time and bear penalties and interest after delinquency as do the general ad valorem taxes on real property. Unlike general ad valorem taxes, payments of Special Taxes may not be made on a semi-annual basis.

Collection Procedures

The Special Taxes levied within the District shall be due and payable on July 1 of each year. The taxes are overdue and in arrears on the first day of the succeeding October. Under current law, residents of owner-occupied residential real estate may pay ad valorem real property taxes semiannually in two installments. The first installment is due by September 30 and the second installment is due by December 31. Taxes paid after these dates incur interest at 12% per year imposed 1.00% each month, but not compounded. Collection of the Special Taxes would include taking any delinquent properties to tax sale, consistent with current procedures for any of its own delinquent properties.

The County collects general ad valorem property taxes for property located in the City. The City has entered into a Memorandum of Understanding with the County dated August 8, 2006 pursuant to which the County has agreed to (i) invoice the payments of the Special Taxes on the same invoice used for the ad valorem taxes of the County and the City and (ii) collect the Special Taxes at the same times and in the same manner as ad valorem taxes and promptly remit to the trustee for the 2006 Bonds all Special Taxes collected by the County, except that Special Taxes will not be subject to discounts. Penalties and interest will apply to Special Taxes paid after September 30 of each year, however, such penalties and interest are not payable into the Special Tax Fund under the Indenture.

Pursuant to the Act, the City covenants with and for the benefit of the Bondowners of the 2006 Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to collection (unless such delinquency is theretofore brought current), any Special Tax or installment thereof not paid when due as provided in the following paragraphs. The City shall commence, or cause the County to commence, such proceedings.

(a) The County, on behalf of the City, during April of any year in which there are unpaid and delinquent Special Taxes shall advertise the affected properties within the District for tax sale in accordance with State and County law.

(b) On the second Monday in May of each year or such other date as is permitted by law, all District properties with delinquent Special Taxes tax accounts will be offered for sale at tax sale.

(c) By June 30 of each year, the Financial Officer will deliver or cause the County to deliver to the Trustee all Special Taxes collected at tax sale. In addition, the Financial Officer shall give or cause the County to give written notice to the Tax Consultant of any District properties for which no bids were received or on which the tax sale process was stopped by a bankruptcy stay.

(d) In the event of a redemption of an District property after June 30 of any year, the Financial Officer shall deliver or cause the County to deliver to the Trustee the delinquent Special Taxes collected by the County Treasurer in connection with such redemption not later than the last day of the month immediately succeeding the month in which the redemption occurs.

(e) In the event that a property sold to the City or the County is not redeemed, the Financial Officer will give written notice to the Tax Consultant when the City or County forecloses and takes title to the property and indicate in such notice that the City or County will continue to make the property available for sale, subject, however, to the City and County laws relating to the disposition of City and County property.

No assurances can be given that the real property subject to tax sale will be sold or, if sold, that the proceeds of any sales will be sufficient to pay all delinquent Special Taxes. The Act does not require the City or the County to purchase or otherwise acquire any lot or parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale. The Act specifies that the Special Taxes shall be collected and secured in the same manner as general ad valorem taxes and shall be subject to the same penalties and the same procedure, sale, and lien priority in the case of delinquency as is provided for ad valorem property taxes.

If the Reserve Fund under the Indenture is depleted and delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Bondowners pending prosecution of tax proceedings and receipt by the City of tax sale proceeds, if any. However, within the limits of the Rate and Method and the Act, the City may adjust the Special Tax levied on all property within the District, to provide an amount, taking into account such delinquencies, required to pay debt service on the 2006 Bonds, to replenish the Reserve Fund and to pay estimated deficiencies expected in the payment of Special Taxes not otherwise taken into account. There is, however, no assurance that the maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the 2006 Bonds under the Indenture.

Pledged Funds

Special Tax Fund

Special Tax Revenues include all scheduled payments and any prepayments of Special Taxes ("Special Tax Prepayments") received by the Trustee and the proceeds of the redemption or sale of property sold at tax sale. Such Special Tax Revenues do not include any administrative expenses or penalties collected by the City in connection with delinquent Special Taxes. As soon as practicable following receipt, all Special Taxes Revenues shall be transferred by the City to the Trustee for deposit in the Special Tax Fund under the Indenture, provided that any proceeds of Special Tax Prepayments shall be transferred by the City to the Trustee for deposit in the Special Tax Prepayments Account of the Bond Fund under the Indenture.

From time to time as needed to pay obligations relating to the District, but no later than five Business Days before each Interest Payment Date, the Trustee shall withdraw from the Special Tax Fund and transfer the following amounts as follows:

First, to the Administrative Expense Fund established under the Indenture an amount, taking into account amounts then on deposit in the Administrative Expense Fund, equal to the Administrative Expenses due for the next ensuing year plus any Administrative Expenses then due and payable;

Second, to the Bond Fund established under the Indenture an amount (which together with moneys then on deposit in such Bond Fund or expected to be transferred to such Bond Fund from other funds and accounts held by the Trustee for such purpose) equal to the principal (including any Sinking Fund Installments), premium, if any, and interest due on the 2006 Bonds on the next Interest Payment Date, and

Third, to the Reserve Fund established under the Indenture an amount, taking into account amounts on deposit therein, such that the amount on deposit in the Reserve Fund is equal to the Reserve Requirement.

In any Bond Year, to the extent the transfers to the Administrative Expense Fund described above have been made with respect to the January 1 occurring in such Bond Year and the July 1 of the immediately following Bond Year, and the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement, all other amounts then on deposit in, or to be deposited to, the Special Tax Fund in such Bond Year shall, at the direction of the Financial Officer, be (i) transferred to the Bond Fund to be used for the payment of principal of or interest on the 2006 Bonds when due or upon redemption; (ii) retained in the Special Tax Fund; (iii) transferred to any other fund or funds created under any other indenture to be used for the payment of principal or interest on any subordinate bonds issued in connection with the Project; or (iv) applied by the City for any other legal purpose.

Bond Fund

Moneys in the Bond Fund established under the Indenture and the accounts therein shall be held in trust by the Trustee for the benefit of the Holders of the 2006 Bonds, shall be disbursed for the payment of principal of, and interest and premium, if any, on 2006 Bonds, including any amounts due on such 2006 Bonds by reason of Sinking Fund Installments or a redemption of such 2006 Bonds, and, pending such disbursement, shall be subject to a lien in favor of the Holders of the 2006 Bonds.

If, after the transfer of moneys from the Special Tax Fund and any other funds in accordance with the Indenture, there are insufficient moneys in the Bond Fund to make the payments described in the preceding paragraph, the Trustee shall apply available amounts first to the payment of interest on the 2006 Bonds, then to payment of the principal due on such 2006 Bonds (other than by reason of Sinking Fund Installments), and then to the payment of principal due by reason of Sinking Fund Installments.

Reserve Fund

The Indenture provides that the Reserve Fund established thereunder must be maintained in an amount equal to the Reserve Requirement. "Reserve Requirement" means the least of: (i) Maximum Annual Debt Service on the 2006 Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the 2006 Bonds as of the date of issuance, or (iii) 10% of the original principal amount of the 2006 Bonds. As of the date of delivery of the 2006 Bonds, the Reserve Requirement is equal to $3,386,843. In determining the value of the assets of the Reserve Fund, there shall be credited to the Reserve Fund the amount that can be realized by the Trustee under any letter of credit, insurance policy, guaranty, surety bond or other similar facility delivered to the Trustee by the Developer with the consent of the City or by the City, and otherwise in accordance with the terms of the Indenture.

The Reserve Requirement for the 2006 Bonds shall be reduced: (i) in the event of an extraordinary redemption of the 2006 Bonds by that amount of monies transferred from the Reserve Fund in accordance with the Indenture; and (ii) in the event of an optional redemption of the 2006 Bonds by a percentage equal to the pro rata amount of 2006 Bonds redeemed by such optional redemption divided by the total amount of Outstanding 2006 Bonds prior to such redemption.

All amounts deposited in the Reserve Fund shall be used by the Trustee solely for the purpose of (i) making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount required for payment of the principal of (including mandatory sinking fund payments), and interest and any premium on the 2006 Bonds, (ii) making transfers to the Bond Fund as a result of prepayments of the Special Taxes pursuant to the provisions of the Indenture, or (iii) making transfers to the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the 2006 Bonds, when the balance of the Reserve Fund equals or exceeds the amount required to redeem or pay the outstanding 2006 Bonds in accordance with the provisions of the Indenture. The Reserve Fund may be replenished from the Special Tax Fund, provided no assurances can be given that such amounts will be sufficient to satisfy any deficiency.

Amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, either as the result of a decrease in the Reserve Requirement or because of a "surplus" following the calculation of the amounts on deposit in the Reserve Fund, shall be withdrawn therefrom and deposited in the Bond Fund to be used for the payment of interest on the 2006 Bonds on the next Interest Payment Date, unless the Trustee receives instructions from the City (i) to pay rebate amounts required to be paid to the United States of America, (ii) to transfer to the Administrative Expense Fund

an amount not more than the Administrative Expenses due for the next ensuing year plus any Administrative Expenses then due and payable, or (iii) to the transfer to the Improvement Fund if such application and the expenditure of such funds is expected to occur within three years of the date of the Indenture.

Improvement Fund

The Indenture establishes an Improvement Fund to be held, exclusive of the New Project Fees Account established therein, in trust by the Trustee for the benefit of the City. Moneys contained therein shall be disbursed for the payment of the costs of the Project or the reimbursement of costs of the Project. Disbursements from the Improvement Fund (exclusive of the New Project Fees Account) shall be made by the Trustee upon the receipt of a Payment Request which complies with the requirements of the Indenture and is in accordance with the Funding Agreement described in the section entitled "THE DISTRICT – The Construction and Funding Agreement." See APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS – FUNDING AGREEMENT.

Water and sewer fees received by the City in connection with prepayments made by developers of new residential developments which are unrelated to the Development but will utilize the capacity of the improvements financed with the proceeds of the 2006 Bonds will be deposited in the New Project Fees Account of the Improvement Fund and will be disbursed at the direction of the City and pursuant to a written request from the Developer to be either (i) advanced pursuant to a Payment Request for the costs of a Developer Procured Facility or a City Procured Facility (as hereinafter defined) or (ii) transferred to the Bond Fund to pay the next applicable scheduled debt service on the 2006 Bonds. The New Project Fees Account is not pledged under the Indenture as security for the payment of the principal of, premium, if any and interest on the 2006 Bonds. See "THE DISTRICT – The Construction and Funding Agreement."

Permitted Investments of Moneys Deposited into the Pledged Funds

The funds and accounts established under the Indenture are held by the Trustee. Moneys in the funds and accounts under the Indenture shall be invested in Permitted Investments which shall be deemed at all times to be a part of such funds and accounts.

(a) Except as provided by paragraph (b) below, moneys in any fund or account created or established by the Indenture and held by the Trustee shall be invested by the Trustee in Permitted Investments, as directed by the City. In the absence of direction by the City, the Trustee shall invest any such moneys in certain Permitted Investments or in Federal Securities (or money market funds invested in Federal Securities) which by their terms mature prior to the date on which such moneys are required to be paid out hereunder, provided that amounts on deposit in the Administrative Expense Fund may be invested in any lawful investment that the City may make.

(b) Moneys held by the Trustee in the Bond Fund established under the Indenture shall be invested in Permitted Investments. In the absence of direction by the City, the Trustee shall invest any such moneys in certain Federal Securities which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made. The Trustee shall not be required to determine the legality of any investments.

(d) Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Indenture for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee under the Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture.

(e) Moneys in any fund or account created or established by the Indenture and held by the Trustee shall be invested as directed by the City in accordance with the Section 148 Certificate, the Act and the City's investment policies as are in effect from time to time.

Additional Bonds

Under the terms and conditions of the Indenture, the City may issue from time to time Additional Bonds under and secured by the Indenture, for any purpose for which obligations of the City may be issued under the Act, including (without limitation) (i) to refund or advance refund any Outstanding Bonds; (ii) to obtain funds necessary to finance or refinance the acquisition or construction of any Additional Facilities; or (iii) to obtain funds necessary to finance or refinance the completion of the acquisition or construction of the Project or any Additional Facilities. Additional Bonds may be issued to pay the costs incurred in connection with the issuance and sale of any bonds, to establish reserves and to pay interest on the Bonds during acquisition and construction and (if deemed advisable by the City) for a limited period after the completion of the Project or any Additional Facilities, as the case may be. The issuance of Additional Bonds shall be authorized by a Supplemental Indenture of the City, which shall specify all matters required under the provisions of the Indenture. The 2006 Bonds together with any Additional Bonds at any time Outstanding under the Indenture or any Supplemental Indenture are referred to herein as the "Bonds."

Each Series of Additional Bonds shall be on a parity with, and shall be entitled to the same benefit and security of the Indenture as the 2006 Bonds and any other Series of Additional Bonds that may be issued from time to time.

Any Additional Bonds shall bear interest, be subject to mandatory and optional redemption prior to maturity and mature and shall have the terms, tenor, denominations, details and specifications as set forth in the Indenture and in any Supplemental Indenture authorizing the issuance of any Additional Bonds.

If any Supplemental Indenture authorizing the issuance of Additional Bonds provides for the establishment of separate funds and accounts for any Series of Bonds, then such Supplemental Indenture shall require (i) that the funds received by the City and deposited into the Special Tax Fund or received by the Trustee and deposited to the Bond Fund shall be deposited pro rata as to time and amount among the accounts of such Bond Fund on the basis of the principal of, the Sinking Fund Installments for and the interest on the Series of Bonds secured thereby becoming due during the period from July 2 of any year through July 1 of the immediately succeeding year, to the end that the Bonds of each Series shall be equally and ratably secured, (ii) that Special Taxes received by the City and required to be deposited to the Reserve Fund on any date shall be allocated pro rata among all funds on the basis of the respective aggregate principal amount of the Bonds Outstanding secured by such Reserve Fund and (iii) that amounts on deposit in the Bond Fund and the Reserve Fund, if any, created for particular Series of Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series and shall not be available to satisfy the claims of Holders of Bonds of any other Series.

Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide that (i) such Series of Bonds shall be secured by the Reserve Fund maintained for the 2006 Bonds, (ii) such Series of Additional Bonds shall not be secured by a Reserve Fund, or (iii) such Additional Bonds shall be secured by a separate Reserve Fund.

Prior to the issuance of any Additional Bonds under the Indenture, the following conditions, together with certain other conditions, must be satisfied:

(a) The District Value shall be at least two times the sum of (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Additional Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes as evidenced by a certificate of the Administrator; and

(b) The City shall obtain a certificate of a Tax Consultant to the effect that (i) the amount of the maximum Special Taxes that may be levied in each Fiscal Year shall be at least 110% of the total Annual Debt Service for each such Fiscal Year on the Bonds and the proposed Additional Bonds, and (ii) based upon the Special Taxes that may be levied under the Rate and Method for the District at the time when there is no longer any Undeveloped Property (as defined in said Rate and Method) in the District, and taking into account the status of the then-existing Developed Property (as defined in said Rate and Method) in the District, (a) the estimated maximum Special Taxes that may then be levied in the District on the then-existing Developed Property in each Fiscal Year are reasonably expected to exceed 110% of the total Annual Debt Service for each Fiscal Year on the Bonds and the proposed Additional Bonds, and (b)

the aggregate Special Tax Prepayments that could occur after the issuance of the Additional Bonds is not less than the Outstanding principal amount of the Bonds and such Additional Bonds.

The City has not approved and has no present intention to issue Additional Bonds to finance the completion of the acquisition or construction of the Project or the acquisition or construction of any Additional Facilities.

See APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS – TRUST INDENTURE for a more complete description of the issuance of Additional Bonds.

THE DEVELOPER

The information appearing below under the caption "THE DEVELOPER" has been furnished by the Developer of the parcels within the District for inclusion in this Limited Offering Memorandum, and, although believed to be reliable, such information has not been independently verified by the City, the Underwriter or its counsel. No person other than the Developer makes any representation or warranty as to the accuracy or completeness of such information supplied by the Developer.

Background and Ownership

The Developer is the owner of approximately 552.7 acres of land comprising the District located within the City of Brunswick. The District and the Development are coterminous. The Developer is wholly owned by Brunswick Crossing Investments, Inc. of which William D. Pleasants, Jr. ("Mr. Pleasants") is President.

The Developer is one of numerous entities, owned, managed or controlled by Mr. Pleasants and his descendants. This group of independent entities (collectively, the "Entities") are corporations, limited liability companies and limited partnerships involved in a variety of land development enterprises, the operation of several construction-related businesses, construction and demolition recovery facilities, commercial rental and industrial properties with varying degrees of common ownership by Mr. Pleasants, his descendants, and, to a lesser extent, his father and several unrelated employees and business associates. Managerial and financial control of the Entities is vested in Mr. Pleasants, either by direct ownership, through corporate general partners, partnership interests or managing committees. Mr. Pleasants owns 98% of Pleasants Construction, Inc. (described below), and various ownership percentages in the Entities' assets, either individually, or through participation in corporations, limited liability companies and family and limited partnerships. The remainder of the ownership of the family partnerships, all of which are limited partnership interests, belong to Mr. Pleasants' descendants.

While the majority of business done by members of the Entities occurs in the Maryland counties of Frederick, Montgomery, Prince George's, Charles, and Baltimore City, one or more of the Entities currently operates in Stafford, Prince William and Fauquier County, Virginia, Jefferson County, West Virginia, and the District of Columbia.

The first enterprise of the Entities, Pleasant Excavating Company, Inc., began in 1964 under the ownership and management of William D. Pleasants, Sr. Mr. Pleasants joined the company in 1967. Under their guidance, the company grew over time from a small operation with just a few pieces of equipment into a major contractor. Mr. Pleasants purchased the company from his father in 1983 and continues in the same business today, under the name Pleasants Construction, Inc.

In 1976, the Entities opened a construction rubble landfill in Prince George's County, Maryland. It was succeeded in the mid 1980's by another landfill, also located in Prince George's County, which is still in operation and was recently expanded.

In the early 1980's, Mr. Pleasants and his father began to develop residential lots primarily for sale to homebuilders. Since that time, over 11,000 lots have been developed or are in various stages of development by the Entities for sale to regional and nationally known homebuilders.

Additionally, in the late 1980's, Mr. Pleasants purchased or developed four shopping centers, three office buildings and other commercial space. In 1992, the Entities commenced a construction rubble roll-off trucking

operation to complement landfill operations. In 1997, the Entities formed Advantage Homes, a residential construction company. In 1998, the Entities purchased a construction rubble recycling company and completed the development of a golf course.

More recently, Mr. Pleasants has expanded business operations by opening three construction and demolition recycling facilities in Montgomery County and Baltimore City, Maryland and Prince William County, Virginia. Additionally, Reline America, Inc. (described below), acquired the North American patent license to market and manufacture trenchless pipeline repair technology and purchased a building for its manufacturing headquarters in Smyth County, Virginia. Manufacturing operations are expected to begin in 2007.

The Entities currently own over 7,000 acres of residential, commercial or industrially-zoned land held for investment or development and employ approximately 500 employees.

Operations

The recent operations of the Entities include the following:

Construction – Pleasants Construction, Inc. is the successor to Pleasants Excavating Company, Inc. Pleasants Construction, Inc. renders significant land development service to the Entities and unrelated parties in the metropolitan Washington, D.C. area.

Landfill – The landfill enterprise, which limits its intake to construction rubble, is owned by Ritchie Land Reclamation Limited Partnership and is located in Prince George's County, Maryland.

Construction Rubble Recycling – Environmental Alternatives Recycling, LLC (formerly known as Baltimore Aggregate Recycling, LLC) began operations in Baltimore City, Maryland in February 1998. This entity receives and processes certain types of construction waste to produce aggregate, topsoil and related materials. Additional recycling sites have recently opened in Montgomery County, Maryland and Prince William County, Virginia, and a future site is scheduled to open in Loudoun County, Virginia.

Pipeline Relining – Reline America, Inc. has recently acquired the North America patent license to market and manufacture pipe liners used for the repair of utility pipes without the need to excavate existing infrastructure. Reline America has recently purchased a vacant building in Smyth County, Virginia for its new manufacturing headquarters with an anticipated start date in early 2007.

Trucking – A construction rubble roll-off trucking operation, Environmental Alternatives, Inc., has grown from a new business to one utilizing over eighty vehicles. With an inventory of approximately 2,500 refuse containers, the company expects to handle nearly 85,000 loads of rubble in 2006. The company has experienced an average annual growth rate in revenues of 20% for the past several years.

Commercial Rental – The Entities' commercial portfolio includes three office buildings, two neighborhood shopping centers, a day care facility and two flex space/warehouses located in Montgomery and Frederick County, Maryland. These commercial properties, owned by Classic Warehouse, Joint Venture, Gunners Lake Thirteen Limited Partnership, Prospect Square Limited Partnership, Evergreen Square Limited Partnership and Hyattstown Business Park, LLC represent a combined total of approximately 550,000 leasable square feet. The combined occupancy rate for these properties is approximately 90%.

Residential Lot Development – Mr. Pleasants has been involved in over 30 residential projects, varying in size from as few as nine to in excess of 2,300 lots. Development is currently ongoing, at varying stages, in several counties within Virginia, West Virginia, Pennsylvania and Maryland, including Brunswick Crossing.

Pleasants Development, Inc. ("Pleasants Development"), originally incorporated in May 1989 under the name of Crescent Development, Inc., serves as the residential land development entity for the Entities, including the Development.

Pleasants Development is comprised of a team of planning, engineering, accounting and administrative professionals. Its broad scope of responsibilities include all aspects of the development process from acquisition, entitlement, bonding, permitting, to site infrastructure construction, sale of finished residential building lots and bond release.

With approximately 7,000 lots in the development process throughout suburban Maryland, Northern Virginia, Pennsylvania and West Virginia, Pleasants Development has become a major player within the Metropolitan Washington residential development industry. Its client base includes national builders such as Winchester Homes, Ryan/NVR Homes and Pulte Homes, and local builders including Mid-Atlantic Builders, Maryland Homes and Advantage Homes.

Golf Course – The Marlton Golf Club is part of a large residential development project in Prince George's County, Maryland. It is the redevelopment of a course once operated in the 1970's under unrelated ownership. Ault, Clark, the architects who designed the stadium course at Avenel, the annual site of the Booz|Allen Classic PGA golf tournament (formerly, the Kemper Open), redesigned the Marlton Golf Club. Construction was completed and the course opened for play in April, 1998.

Commercial and Industrial Land – The Entities own or control over 2,000 acres of commercially and industrially zoned land, including property held for investment (and including over 400 acres which is part of, or surrounds, the Ritchie landfill, referred to above), located in the Maryland counties of Montgomery County, Prince George's County and Frederick County.

Residential Construction – Advantage Homes, LLC was formed in October, 1997. It builds and markets townhouses and single family homes in Pleasants Development's residential development projects as well as independent residential development projects.

Advantage Homes and other Pleasants-related predecessor building companies have constructed over 1,000 homes in the Washington, D.C. metropolitan region, which includes 241 single family and townhomes in the Urbana Highlands (Frederick County, Maryland) special taxing district. Sales and/or construction is ongoing in two developments in Montgomery County, Maryland, two developments in Loudoun County, Virginia, three developments in Prince George's County, Maryland and one development in Frederick County, Maryland.

Key Developer Professionals

The following officials of Pleasants Development have been assigned to the Development.

Jerry Connelly. Mr. Connelly is Senior Vice President for Pleasants Development and is responsible for and directs all development efforts for the company including acquisition, finance, entitlement, design, marketing and infrastructure construction. He is currently responsible for the development of approximately 20 active residential development projects consisting of an inventory of nearly 7,000 lots in Maryland, Virginia, Pennsylvania and West Virginia. In addition to his involvement with the special taxing district for the current Urbana Highlands project in Frederick County, Maryland, Mr. Connelly's prior employment accomplishments include Woodview Village in Prince George's County, Maryland, the first residential project in Maryland to fund public improvements through the creation of a special tax district and the issuance of special obligation bonds, as well as experience in market analysis, property evaluation systems and field monitoring and testing. Mr. Connelly holds a B.S. degree in Engineering from Clarkson University.

Daniel Snyder. Mr. Snyder is Senior Project Manager for Pleasants Development and oversees entitlement and construction of various development projects throughout the Washington, D.C. Metropolitan Area as well as the West Virginia panhandle region. With over 15 years of experience, Mr. Snyder has been active in all phases of the land development process including feasibility analysis and budgeting, preliminary and final site planning, engineering design, construction estimating, contracting and site supervision as well as bond release work. His experience has included direct supervision for the design and construction of extensive infrastructure improvements associated with special tax districts in both Frederick and Prince George's County, Maryland. Mr. Snyder is a Registered Professional Engineer and holds B.S. and M.S. degrees in Engineering from Virginia Tech.

Chapter 11 Reorganization History

As an integral part of the acquisition and development of various pieces of real estate owned personally, or by limited partnerships which he controlled, Mr. Pleasants personally guaranteed loans from several major area banks. During the early 1990's, Mr. Pleasants was involved in various disputes with several of his lenders which resulted in the filing of a petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland by Mr. Pleasants. Mr. Pleasants' bankruptcy plan was confirmed by the court in 1995, and, other than the loss of two small residential building lots that were transferred to a lender pursuant to deeds in lieu of foreclosure, Mr. Pleasants did not lose any properties in the reorganization, and all claims of outside creditors were satisfied.

History of Assemblage

In 2003, the Developer acquired the initial 1.1 acre parcel of land for the Development. In 2004, the remaining three parcels were acquired in three separate acquisitions totaling approximately 552.7 acres. The Development and the District are coterminous. At the date of acquisition of all properties, the Development had all required residential and commercial zonings. Prior to the acquisition of the properties on March 26, 2002, the City adopted Resolution 02-05 which, among other things, approved the Annexation Agreement dated March 26, 2002 (the "Annexation Agreement") between the City and the Developer which sets forth the terms and conditions of the annexation of the lands into the City regarding zoning, Planned Unit Development ("PUD") density, phasing, water and sewer allocations and reservations, required improvements, public land dedications, adequate public facilities testing, real property assessments, and other information regarding the Development. See "THE DEVELOPMENT – Development Status" and APPENDIX C – ENGINEER'S REPORT.

THE DEVELOPMENT

The information appearing below under the caption "THE DEVELOPMENT" has been furnished by the Developer for inclusion in this Limited Offering Memorandum, and, although believed to be reliable, such information has not been independently verified by the City, the Underwriter or its counsel. No person other than the Developer makes any representation or warranty as to the accuracy or completeness of such information supplied by the Developer.

General

The Development will consist of an approximately 552.7 acre mixed-used development located within the City. Of this acreage, residential development will constitute approximately 239.6 acres, retail and commercial development will constitute approximately 37.8 acres, and right-of-ways and stormwater management facilities will occupy approximately 70.7 acres. The remaining 189.5 acres will be reserved as open space. The Developer has agreed to donate approximately 6.1 acres of land in the District to the local volunteer fire department for the construction of a new fire house which will provide emergency services to serve the Development and the City. The Developer also has agreed to dedicate a 15.1 acre site in the District to the Frederick County Board of Education for the purpose of building a school or, alternatively if not needed for a school site, to the City for use as a public park.

The Development, which is coterminous with the District, is located approximately 15 miles southwest of Frederick and the Montgomery County Interstate 270 (I-270) technology corridor. Access to the District from Frederick is provided via US Route 340 (US 340) a dual-divided highway. The District, accessed by Maryland Route 17, (MD 17) is located a quarter mile east of the US 340 and MD 17 full movement interchange. The District is also accessed by Maryland Route 180 which borders the District to the west. I-270 (via a connection with I-70 located 13 miles north of Brunswick) connects the community to the employment centers and transportation hubs located within the I-270 corridor, Washington, D.C. (including Reagan National and Dulles International Airports) and Baltimore, Maryland (Baltimore/Washington International Thurgood Marshall Airport). The MARC train station, located within minutes from the Development, provides convenient transportation to various points in Maryland with its terminus at Union Station in Washington, D.C.

The Development is being designed as a highly amenitized planned community with neo-traditional elements. A significant portion of the overall acreage is dedicated to open space. Planned amenities include a community center, pool and poolhouse, tennis courts, paved trail system, passive and active parks, and tot lots. A system of interconnected streets will provide for easy and convenient walking and driving access to all of the areas of the Development. Brunswick Crossing will have a community association, by which all of its private, common area improvements and amenities will be owned and operated. All recreational amenities will be available to all residents and all related maintenance and operating costs will be included as part of a homeowners' association assessment.

Nearby amenities outside the Development include the historic C&O Canal, Frederick Keys baseball (a Class Single-A affiliate of the Baltimore Orioles), Civil War battlefields, the Potomac and Shenandoah Rivers and related recreational activities, historic Harpers Ferry, West Virginia, and the Charles Town, West Virginia racetrack.

Residential Development

The Development offers a variety of housing types and lot sizes at a variety of home price points designed to attract a large and diverse range of purchasers. It will include a variety of product sizes and floorplans which will incorporate architectural diversity, texture, and color to complement the existing surroundings. The target market includes first time home buyers, expanding families, and active adults.

A total of six different for-sale residential product types are planned for the Development. The Development will maintain a traditional neighborhood design and preserve open spaces within the community. Of the 1,505 residential units, 923 (61.3%) units are planned as Traditional Neighborhood Design ("TND"). TND homes have a small front yard space and are located in close proximity to the community thoroughfares. The majority of open space on each lot is located in the rear of the home. This design style has been encouraged because it maximizes density and preserves a larger proportion of open space within the community. In addition, the Development includes efficiency style rental apartments on an age-restricted basis.

The Development will include 1,505 total residential units expected to be constructed over approximately eight years. The APFO (hereinafter defined) phasing schedule for the Development provides for the phasing of 150 units per year from 2004 through 2008 and 151 units per year from 2009 through 2013. Any lots not recorded in a given year may be recorded in any subsequent year and in addition to the number of units allowed to be recorded in the subsequent year. The 100 planned senior assisted living units may be delivered at any time. See "THE DEVELOPMENT – Development Status."

The Annexation Agreement allows for the issuance of 175 building permits per year, as measured from the date of issuance of the first building permit. Any building permits not issued in a given year may be issued in any subsequent years. Building permits for assisted living units may be issued at any time. Initial lot contracts are expected to be executed with selected national and regional builders by November 1, 2006. Phase I residential absorption is anticipated to begin in July, 2007. The final phase of residential absorption is scheduled for completion in September 2015. The charts below show the anticipated composition and phasing of the residential units.

RESIDENTIAL DEVELOPMENT COMPOSITION

Residential Lots	Number of Lots/Units	Typical Lot Width	Percent of Total Residential Lots/Units	Base Price
Single Family – Detached (70')	422	70 foot	28%	$600,000
Single Family - Detached – TND*	184	50 foot	12%	$525,000
Single Family - Detached – TND*	440	45 foot	29%	$510,000
Villas	60	36 foot	4%	$425,000
Villa - TND*	156	36 foot	10%	$425,000
Townhomes –TND*	143	24 foot	10%	$375,000
Senior Assisted Living	100	–	7%	Rental Units
Total	1505		100%	

*Traditional Neighborhood Design

RESIDENTIAL ABSORPTION PHASING SCHEDULE

Phase	Start - Finish	70' SF	50' SF TND	45' SF TND	36' Villa	24' Townhome	Assisted Living	Total
Phase I - A	July 2007 - Dec. 2007	21	2	6	2	8	0	**39**
Phase I - B	Oct. 2007 - Sept. 2008	42	14	30	8	18	0	**112**
Phase I - C	Jan. 2008 - Sept. 2009	0	12	38	12	28	0	**90**
Subtotal		***63***	***28***	***74***	***22***	***54***	***0***	***241***
Phase II	Oct. 2008 - Sept. 2010	88	43	53	32	40	0	**256**
Subtotal		***88***	***43***	***53***	***32***	***40***	***0***	***256***
Phase III - A	Jan. 2010 - June 2011	0	14	34	18	31	0	**97**
Phase III - B	July 2010 - Mar. 2012	77	0	0	0	0	0	**77**
Phase III - C	Jan. 2011 - Sept. 2012	15	20	45	16	5	0	**101**
Phase III - Assisted Living	Jan. 2011 - Oct. 2011	0	0	0	0	0	100	**100**
Subtotal		***92***	***34***	***79***	***34***	***36***	***100***	***375***
Phase IV	July 2011 - Dec. 2012	3	31	57	36	9	0	**136**
Subtotal		***3***	***31***	***57***	***36***	***9***	***0***	***136***
Phase V	Apr. 2012 - Jun. 2014	102	13	80	36	4	0	**235**
Subtotal		***102***	***13***	***80***	***36***	***4***	***0***	***235***
Phase VI - A	July 2013 - June 2015	27	9	52	0	0	0	**88**
Phase VI - B	Apr. 2014 - June 2015	9	16	33	22	0	0	**80**
Phase VI - C	Oct. 2014 - Sept. 2015	38	10	12	34	0	0	**94**
Subtotal		***74***	***35***	***97***	***56***	***0***	***0***	***262***
Total		**422**	**184**	**440**	**216**	**143**	**100**	**1505**

Commercial Development

The Development will include 25.8 acres of general commercial development and 12.0 acres of office/retail development. The Developer has begun preliminary discussions with interested retail and office users. Because the existing commercial business opportunities in Brunswick are limited in number and quality, the demand from the Brunswick Crossing community is anticipated to capture consumer purchases lost to nearby Frederick, Maryland and Charles Town, West Virginia. The Brunswick area is currently served by only one supermarket. It is anticipated that the market will support a second supermarket. It is expected that approximately 389,000 square feet of commercial space can be developed in the Development. The development of the retail component and the development of the office component are scheduled to commence in 2010 and be completed by June, 2013 and June, 2014, respectively. SLI Properties, LLC ("SLI"), a former member of the Developer, retains an option to purchase the 12 acre office/retail component of the Development, however SLI is unable to exercise its option until such parcel is subdivided.

Builder Contracts

The Developer has entered into lot reservation agreements with eight national and regional homebuilders each of which has the ability to produce a range of reliable, quality products. Final contract negotiations with successful bidders are expected to occur over the next few months with rolling option contracts scheduled to occur by November 1, 2006. Builders will be chosen based on factors such as product architecture (elevations, material selection, style, etc.), marketing plans, projected absorption pace, amount of deposit and proposed lot pricing. Participating builders will then jointly prepare for the opening of pre-sales activities in early 2007 from a temporary sales park located along the Route 17 gateway entrance to the Development.

In submitting the lot reservation agreement, each interested builder was required to post a $1,000 deposit for each lot they are interested in securing the right to negotiate to purchase in Phases I and II of the Development (which contain a total of 497 lots), up to a maximum of 500 lots each. Total deposits in the amount of $1,807,000 have been received, indicating interest by builders in purchasing 1,807 lots. The builders submitting lot reservation agreements to date are described below:

Builder	Number of Lots	Deposit Posted
NV Homes	250	$250,000
Ryan Homes	250	$250,000
Mid-Atlantic Homes	275	$275,000
Pulte Homes	50	$50,000
Advantage Homes	250	$250,000
Winchester Homes	100	$100,000
Drees Homes	132	$132,000
Parkwood Homes	50	$50,000
Lennar Homes	150	$150,000
Miller & Smith Homes	300	$300,000
Total	1,807	$1,807,000

The Developer has received letters of intent ("LOI's") from four of such builders to purchase a total of 686 lots in Phases I and II of the Development, depending on the availability of types of lots. The prices offered in such LOI's are equal to the respective market percentages for the land component of the prices set forth in the Market Study (defined herein) for the different product types. The chart below summarizes the lots in the Development currently subject to the LOI's.

Builder	Lots under LOI
NV Homes	60
Ryan Homes	276
Advantage Homes	250
Winchester Homes	100
Total	686

The aggregate amount of the deposits to be made by the builders submitting the LOI's is $4,165,000.

Sales and Marketing

The Developer will implement a regional and community marketing program specifically created to showcase the various home styles, recreational facilities, amenities and features of the Development. This comprehensive program will comprise the use of a variety of print media and will include local and regional newspapers, local interest and real estate magazines and guides, sales brochures and placard signage, internet and other electronic subscription services, broadcast media and will feature grand opening promotions and public relation events and advertising activities. The Developer's continuing overall marketing program will be partially funded by contributions from the participating builders (and complimented by their own individual sales and marketing plans) and include a dedicated website (currently under design) highlighting the Development, its builders, and local history and culture.

As part of the Developer's sales program, finished lots are expected be conveyed to four or more home builders who, in their entirety, will have the ability to deliver homes that will cover a wide range of price and housing styles appealing to first-time buyers, expanding families and empty-nesters who desire a highly amenitized community with small town charm. Pre-sales will initially commence from the sales park which will be located on and easily accessible and visible to daily commuters, local residents and tourists traveling along the Route 17 gateway entrance to the Development until the opening of a model home park anticipated to occur in late 2007. Homeowner settlements are anticipated to commence in early 2008.

The Developer has commenced marketing of the retail component of the Development on a preliminary basis with interested retail and office users and will integrate advertising for these areas into the overall marketing program in conjunction with broker advertising.

Schools

An elementary, middle and high school are currently located adjacent to or in the immediate vicinity of the Development. A proposed new elementary school is included in the Frederick County Board of Education's Fiscal Year 2007-2012 Capital Improvement Plan and is planned for construction on land to be dedicated by the Developer located within the District. The existing Brunswick Middle School is currently undergoing additions and renovations to increase pupil seating capacity and will be completed in the Summer of 2006. The existing Brunswick High School is also approved for renovations and an expansion to expand pupil seating capacity and is scheduled for completion in 2009.

Market Environment and Competition

In a Market Analysis dated May 8, 2006 (the "Market Study"), Lipman Frizzell & Mitchell LLC (the "Market Consultant") analyzed the market environment for the Development. Subject to the various assumptions and limiting conditions stated in the Market Study, the Market Consultant determined, among other things, that (i) the Development is well located and well positioned to participate in the growth presently taking place in the Washington Combined Statistical Area and Frederick County (ii) the Development will be of sufficient scale and will offer a range of products enabling it to create its own market, (iii) the use of a special taxing district method of financing infrastructure improvements benefiting the District is not anticipated to hinder sales in the Development, (iv) the Washington

Combined Statistical Area leads the country in economic expansion and Frederick County is one of the fastest growing jurisdictions in the region with competitively priced housing in comparison to other Washington, D.C. suburbs and (v) the Development is consistent with Frederick County and City planning efforts. Moreover, the Market Consultant determined that the pricing for the residential units described above under "Residential Development" are achievable. In addition, the Market Consultant concluded that there will likely develop sufficient residential density to support professional offices in Brunswick Crossing, a new supermarket and related inline retailers.

Neither the Underwriter nor the City makes any representations as to the accuracy, completeness, assumptions or information contained in the Market Study. The assumptions or qualifications with respect to the Market Study are contained therein. There can be no assurance that any such assumptions will be realized, and the City and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective purchasers of the 2006 Bonds should review the Market Study in its entirety in order to make an informed decision regarding the suitability of the 2006 Bonds as an investment opportunity. See APPENDIX D – MARKET STUDY.

Development Status

The Engineer's Report contained in Appendix C to this Limited Offering Memorandum provides a detailed description of the current state of development, zoning, and public approvals status for the Project and all lands within the Development. The Development's PUD received its Phase I Plan approval from the City on October 28, 2003; Phase II/Adequate Public Facilities Ordinance ("APFO") approval from the City on May 24, 2004; and Phase III Plan Planning Commission approval on June 27, 2005. The District has APFO approval for water and sewer facilities, schools, and roads. These approvals established the land use densities, development yields, unit mixes, and phasing schedule for future platting and infrastructure improvements required for the land bays within the PUD. The PUD zoning permits a wide variety of residential product types together with community facilities, open space, conservation areas, and recreation areas.

The Developer has received zoning and public approval as required by the Annexation Agreement and the City's Master Plan for the following development program:

Type of Development Unit	Density
PUD Dwelling Units – Single-Family Detached, Villas, Townhomes, Senior Assisted Living	1,505 units
General Commercial	210,900 sq. ft.
Office/Retail	178,100 sq. ft.
Green Space	189.5 acres

Detailed engineering site plans and improvement plans will be prepared for each development phase based upon the approved overall Phase III Preliminary Plan layout. Engineering design of the first development phase is underway and the related site plan is expected to be submitted for approval in September, 2006. Necessary City and County grading, sediment control, street construction, street and utility construction permits and public works agreements are expected be obtained in the course of development in conjunction with each development phase.

Various City infrastructure improvements are required to serve the Development. These infrastructure improvements were identified in a detailed feasibility study prepared for and approved by the City in conjunction with the Annexation Agreement for the Project. These infrastructure improvements were also reviewed and approved by the Maryland Department of the Environment (MDE) Planning Department with the update of the overall Regional Water and Sewer Plan for Frederick County. Detailed design, permitting, bidding and construction of the required infrastructure improvements has or will be performed as necessary to meet the Project's development schedule. The following provides a brief status overview of the primary infrastructure improvements required to provide water and sewer capacity for the Development:

(i) The design of the wastewater treatment plant upgrade and expansion is complete and such upgrade and expansion has been permitted for construction by the MDE. The construction contract for the wastewater treatment plant was awarded to Conewago Enterprises, Inc. on June 22, 2006, with construction scheduled to commence in September, 2006 and be completed by September, 2007;

(ii) The design of the elevated water storage tank and booster pump station is complete and approved by MDE with construction scheduled to commence in September, 2006, and be completed in September, 2007;

(iii) The design of the water supply mains is complete with approval anticipated in September, 2006 with construction scheduled to commence in October, 2006, and be completed in May, 2007;

(iv) The design of the sewer main is complete with plan approval anticipated for September, 2006 with construction schedule to commence in November, 2006, and be completed in June, 2007;

(v) The expansion of the water treatment plant is currently in design with approval anticipated in November, 2006, with construction scheduled to commence in December, 2006, and be completed in February, 2008 (not required for the first phase of development); and

(vi) The presedimentation basin is currently in design with approval anticipated in August, 2007, with construction completed by April, 2008. This facility is not required for the first phase of the development.

See APPENDIX C – ENGINEER'S REPORT.

Availability of Utilities

Electric service to the Development will be provided by Allegheny Power, Adelphia Communications Corporation will provide cable service, and Verizon Communications Inc. will provide telephone service. It is anticipated that Thompson Gas & Electric Service, Inc. will provide gas service.

Environmental Review

Hillis-Carnes Engineering Associates, Inc. (the "Environmental Consultant") was retained to conduct a Phase I Environmental Assessment of the parcels comprising the District. The Environmental Consultant issued a report dated September 13, 2004, and updated July 24, 2006.

The objective of the Environmental Consultant's Phase I Environmental Assessment was to evaluate whether current or historical activities on or adjacent to the Development may have resulted in significant contamination by hazardous materials or wastes, which is referred to in its report as a "recognized environmental condition." On the basis of its investigations and research, the Environmental Consultant identified one historical recognized environmental condition related to one gasoline and one diesel underground storage tank formerly operated at the site which were removed in 1989. The Environmental Consultant determined that the former underground storage tanks are not a current recognized environmental condition in connection with the property and no other current recognized environmental conditions were identified in association with the site.

PLAN OF FINANCE

The Project will be financed with the proceeds of the 2006 Bonds to the extent such proceeds are available. Public improvements not funded with the proceeds of the 2006 Bonds and all private improvements will be financed by private funding sources and internally generated cash flow from sales occurring within the District.

The Developer estimates the cost of improvements required to complete the Development through 2015 to be approximately $129,059,960. This total includes all bond, permit, inspection, engineering soft costs, administrative fees, and required contingency. City and Developer procured public improvements, which total $37,561,581, will be financed with approximately $26,483,034 in proceeds from the 2006 Bonds and approximately $11,000,000 in grant reimbursements from the Maryland Department of the Environment. Water and sewer capacity fees on new residential development outside the special tax district may also be used to finance public improvements to the extent that those developments utilize capacity within the wastewater treatment plant.

The approximately $91,576,926 of improvements not funded with the proceeds of the 2006 Bonds will be funded with grant reimbursements and private financing by the Developer. As of July 1, 2006, the Developer has

provided funds to cover costs of approximately $10,950,00. The Developer will provide additional funds as needed to complete the Development. Approximately $5,000,000 in projected builder deposits will be utilized to offset project costs. The balance of remaining improvements will be funded over time from working capital, land sales, and reimbursements of commercial office development costs of approximately $1,406,000.

The Developer has received a loan commitment from M&T Mortgage Corporation for a $30,000,000 credit facility (the "Bank Loan"). The Bank Loan is expected to close prior to December 31, 2006. Total advances under the Bank Loan are limited to $46,500,000. The Bank Loan is expected to be sufficient to meet day-to-day cash flow requirements in excess of other sources and provide a source for issuing letters of credit for the Development. The Bank Loan will have a maturity of 36 months with two additional 12-month extensions, provided the Bank Loan has not been in default. The Bank Loan is expected to be repaid with the proceeds from residential building lot and commercial/office pad sales. Generally, the liens will be released at contractual release rates based on the value of each sale. The issuance of the 2006 Bonds is a condition precedent to the closing of the Bank Loan. See No. 9 under "BONDHOLDERS' RISKS"

The Bank Loan will be secured by a lien on real estate, including real estate within the District, and the personal guaranty of Mr. Pleasants. The lien securing the Bank Loan will attach to all real property in the District which lien will be subordinate to the liens of the deeds of trust securing the Mortgage Notes (defined below) and the SLI Note (defined below) and have a first priority lien on otherwise unencumbered real property in the District and/or property released as a result of principal payments made or to be made with respect to the Mortgage Notes. A portion of the proceeds of the Bank Loan is expected to be used to fund principal payments under two deeds of trust evidencing the Developer's outstanding indebtedness under corresponding notes each dated September 24, 2004 (the "Mortgage Notes") to the sellers of approximately 453.7 acres of land located in the District. The two Mortgage Notes are outstanding in the aggregate principal amount of $9,514,660 and require quarterly interest payments, a portion of principal payable within 30 days of the recordation of the first subdivision plat creating residential lots on the respective properties, and a portion of the principal payable annually commencing on the fourth anniversary of the respective Mortgage Notes. The payment of principal under the Mortgage Notes made in connection with the development and subdivision of the respective properties will allow for the partial release of the liens of the respective deeds of trust securing the Mortgage Notes. In addition, approximately 453.7 acres of land in the District is also subject to a deed of trust in favor of SLI evidencing the Developer's outstanding obligation (the "SLI Note") in connection with the Developer's acquisition of SLI's former interest in the Developer. The SLI Note, dated September 22, 2004, is outstanding in the principal amount of $2,308,750, bears interest payable quarterly and principal thereunder is due no later than September 22, 2013. The payment of principal under the SLI Note made in connection with the development and subdivision of the property will allow for the partial release of the lien of the deed of trust securing the SLI Note. A summary of the Developer's property acquisitions and corresponding outstanding indebtedness relating to the District are set forth in the chart below.

Land Acquisition & Financing

Acres in District	Sellers	Outstanding Indebtedness
248.7	Hope Family Limited Partnership	$4,757,300
205.0	Leon B. and Shirley G. Enfield	$4,757,300
97.8	The Estate of Olive S. Long	–
1.1	Robert B. and Melissa Dawn Enfield	–
Total 552.7		
Other Acquisition & Financing		
SLI Properties, LLC	Buyout of interest in Developer	$2,308,750

The Developer expects that the financial resources currently available and those expected to be in place, together with the proceeds from the 2006 Bonds, MDE grants, reimbursements, deposits, and other sources, will be

sufficient to fund the completion of the Development.

For a more detailed description of the application of the proceeds of the 2006 Bonds, see "THE PROJECT" herein and APPENDIX C – ENGINEER'S REPORT.

ESTIMATED SOURCES AND USES OF 2006 BOND PROCEEDS

Pursuant to the Indenture, the sources and uses of the 2006 Bond proceeds are as follows:

Sources	
Par Amount	$36,310,000
Total Sources:	$36,310,000
Uses	
Improvement Fund	$26,483,034
Bond Fund[1]	4,720,828
Costs of Issuance Fund	925,808
Reserve Fund	3,386,843
Administrative Expense Fund	198,066
Underwriter's Discount	594,650
Rounding	771
Total Uses:	$36,310,000

[1] Includes deposits to the Capitalized Interest Account under the Bond Fund to pay interest on the 2006 Bonds for approximately 34 months from the date of issuance of the 2006 Bonds.

THE PROJECT

The proceeds of the 2006 Bonds will be applied to: (i) finance the costs of acquiring and constructing the infrastructure improvements described below under "THE DISTRICT – The Public Improvements" (the "Project"); (ii) pay interest on the 2006 Bonds for approximately 34 months from the date of issuance of the 2006 Bonds; (iii) fund the Reserve Fund for the 2006 Bond; and (iv) pay certain professional fees and costs in connection with the issuance of the 2006 Bonds.

THE CITY

General

The City is a body corporate and a municipal corporation of the State of Maryland authorized to issue the 2006 Bonds under the Act. The City has a charter form of government and is governed by an elected Mayor and City Council. The City has a total area of approximately 3.2 square miles and an estimated population of approximately 5,242. The City is located in Frederick County, Maryland, approximately 15 miles from Frederick, Maryland and approximately 45 miles from Washington, D.C.

Services provided or paid by the City from County, State or Federal sources include police, public works, the adoption and maintenance of building codes and regulation of licenses and permits, the levy or collection of certain taxes and revenues, maintenance of public records, conduct of elections and collection and disposal of refuse. Frederick County is an overlapping local government entity and has taxing jurisdiction in the City.

The City's financial matters are currently administered by the City Administrator. The City Administrator is appointed by the City Council. The City Administrator is charged with the administration of the financial affairs of the City, which generally include: preparation and administration of the City's budget, supervision of all payments and disbursements made by the City, ascertaining that all taxable property within the City is assessed for taxation, the collection or causing the collection of State and City taxes, special assessments, liens, utility charges, fees and other revenues and funds of every kind due to the City (including the Special Taxes) and the enforcement of the collection of taxes in the manner provided by law. See "SECURITY FOR THE 2006 BONDS – Special Tax Collection Procedures."

Historical Property Tax Levy and Collection Data for the City of Brunswick

Taxes

Ad valorem property taxes are the City's most significant source of revenues, amounting to 62.5% of total General Fund revenues in fiscal year 2005. The second major source of revenue is that of income taxes amounting to 19.4% in fiscal year 2005. In fiscal year 2001, the percentage of ad valorem property taxes and income taxes accounted for 65.7% and 18.5% of City General Fund revenues, respectively.

The following table represents the City's principal tax revenues by source for each of the five most recent fiscal years ended June 30:

Year	Total Local Taxes	General Property Taxes	Income Taxes	Other Local Taxes
2005	$1,923,211	$1,202,877	$372,668	$347,666
2004	$1,673,468	$992,285	$352,415	$328,768
2003	$1,563,378	$922,984	$323,671	$316,724
2002	$1,477,683	$890,559	$320,143	$266,981
2001	$1,321,029	$867,360	$245,128	$208,542

Source: City of Brunswick, Maryland.

Tax Levies and Collections

The following table sets forth certain information with respect to the City's tax levies and tax collections for each of the five most recent fiscal years ended June 30:

	Total Tax Levy	Current Year's Taxes Collected in Year of Levy		Total Taxes Collected (Current & Delinquent)		Accumulated Delinquent Taxes	Accumulated Delinquent Taxes As a % of Current Year's Tax Levy
		Amount	Percentage	Amount	Percentage		
2005	$1,213,618	$1,195,931	98.54%	$1,204,346	99.24%	$26,998	2.22%
2004	$1,008,157	$976,678	96.88%	$997,128	98.91%	$17,726	1.76%
2003	$922,476	$918,530	99.57%	$983,452	106.61%	$6,697	0.73%
2002	$885,829	$819,786	92.54%	$823,522	92.97%	$67,673	7.64%
2001	$868,799	$863,433	99.38%	$863,631	99.41%	$12,825	1.48%

*The City had at FY2002 ending balance in Accounts Receivable because two remittance checks (totaling $64,043.23) from the County were never received by the City. These checks were reissued and received in FY2003.

Source: City of Brunswick, Maryland.

Neither the City nor the Underwriter can give any assurance to the Bondowners of the 2006 Bonds: (1) that the past experience of the City with regard to tax delinquencies is indicative in any way of the future tax delinquencies, including any delinquent Special Taxes, on real property within the District securing the 2006 Bonds; (2) that future landowners and taxpayers in the District will pay such Special Taxes; or (3) that eventual sale of real property resulting from delinquent Special Taxes within the District will be for an amount sufficient to pay amounts due under the Indenture and consequently, principal of and interest on the 2006 Bonds.

THE DISTRICT

General

The District was formed pursuant to the Act and the Ordinance. The Act was enacted by the General Assembly of Maryland to provide an alternative method of financing public infrastructure improvements. Upon creation of the District by the City pursuant to the provisions of the Act, the City may issue special obligation bonds for financing such improvements and may levy and collect a special tax within the District to repay such indebtedness.

The Public Improvements

The public improvements to be funded with the proceeds of the 2006 Bonds and certain other improvements will be constructed pursuant to a Construction and Funding Agreement between the City and the Developer. See "THE DISTRICT – The Construction and Funding Agreement."

The Project to be located within the District and outside the District, all of which directly benefits the District, and which shall be financed with the proceeds of the 2006 Bonds, consists of, among other things, the upgrade and expansion of the City's wastewater treatment plant and water treatment building, construction of an elevated water storage facility, construction of water and sewer transmission mains, various road widening and intersection improvements, open space, park and recreational facilities and stormwater management facilities and areas, and other public improvements, rights-of-way and equipment.

The Project will be owned by the City and, to the extent that portions of the Project are located within the District, the land on which they are located will be conveyed to the City, or easements in favor of the City will be granted, to establish the City's ownership of such portions of the Project.

For a detailed discussion of the public improvements to be financed with the proceeds of the 2006 Bonds see APPENDIX C – ENGINEER'S REPORT.

The Construction and Funding Agreement

The Construction and Funding Agreement dated as of September 1, 2006 (the "Funding Agreement") by and between the City and the Developer, sets forth certain undertakings by the Developer and the City in connection with the construction and funding of (i) water and sewer facilities, road improvements and other public facilities which are to be procured by the Developer and not the City (the "Developer Procured Facilities"), and (ii) water and sewer facilities which are to be procured by the City (the "City Procured Facilities" and collectively with the Developer Procured Facilities, the "Facilities").

Pursuant to the terms of the Funding Agreement, the City will cause the moneys on deposit in the Improvement Fund under the Indenture to be disbursed to the Developer to pay for the costs of the construction of the Developer Procured Facilities and the cost of the construction, facilitation and management of the City Procured Facilities. The Funding Agreement provides that the Developer is obligated to construct the Developer Procured Facilities even if there are insufficient funds in the Improvement Fund to pay the costs thereof. Similarly, the Developer shall be obligated to fund the construction of each City Procured Facility if there are insufficient funds in the Improvement Fund to pay the costs thereof. The Developer shall conduct all operations with respect to the construction of the City Procured Facilities in accordance with the terms of the Funding Agreement, any Public Works Agreement (as defined in the Funding Agreement) related to the City Procured Facilities and, with respect to the City Procured Facilities that constitute Improvements, the Approval Documents. See APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS – FUNDING AGREEMENT.

Pursuant to the Annexation Agreement, the City has agreed to require developers of new residential projects which would utilize certain water and sewer improvements to prepay to the City prior to or at the time of subdivision approval of such projects all of the then current water and sewer capacity fees related to such projects and that such prepayments ("New Project Fees") will be used to pay (i) the next applicable scheduled debt service on the 2006 Bonds and any Additional Bonds or (ii) the Actual Costs of a Developer Procured Facility or a City Procured Facility in accordance with the terms of the Indenture. The Funding Agreement provides that the Developer has the discretion to determine whether New Project Fees will be applied to the payment of debt service on the 2006 Bonds or any Additional Bonds or advanced for the Actual Costs of a Developer Procured Facility or a City Procured Facility in accordance with the Indenture. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE 2006 BONDS – Pledged Funds – Improvement Fund."

The Developer is required to assure completion of each Developer Procured Facility and payment of all costs thereof with, in whole or any combination of, funds on deposit in the Improvement Fund (to the extent Available Moneys (as defined in the Funding Agreement) are available and provided that such funds have not been designated to

secure or pay for any City Procured Facilities), a surety bond, a letter of credit or other financial arrangement reasonably acceptable to the City in an amount equal to, with respect to the Developer Procured Facilities, 100% of the Construction Contracts for Developer Procured Facilities plus a contingency in an amount equal to 15% of the amount of such Construction Contracts.

The Funding Agreement may be terminated at any time by the mutual written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Developer Procured Facilities not accepted by the City or other appropriate entity and use all or any portion of moneys in the Improvement Fund or other amounts transferred to the Improvement Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments to fund the costs of the Developer Procured Facilities under the Funding Agreement, except as otherwise may be provided in such written consent.

The City, at its option, may terminate the Funding Agreement, without the consent of the Developer, if the Developer breaches any material covenant or defaults in the performance of any material obligation under the Funding Agreement.

In the event of the termination of the Funding Agreement due to either circumstance referred to above, the Developer is entitled to reimbursement for all work approved pursuant to the Fund Agreement related to the Developer Procured Facilities undertaken prior to the termination date of the Funding Agreement solely from the Improvement Fund according to the terms and conditions set forth in the Funding Agreement.

In the event that the Funding Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to Developer Procured Facilities not approved pursuant to the Funding Agreement. After such termination the City may use all or any portion of the Available Moneys in the Improvement Fund or other amounts transferred to the Improvement Fund, and the Developer shall have no claim or right to any further payments for the Developer Procured Facilities under the Funding Agreement, except as otherwise may be provided upon the mutual written consent of the City and the Developer.

See APPENDIX B – FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS – FUNDING AGREEMENT.

Representative Property Taxes

Property taxes, other than the Special Tax, that are expected to be levied on property in the District, for the 2006-2007 taxable year are as follows:

Property Tax	Tax Rate (per $100 of Assessed Value*)
General City Property	$0.452
General County Property	$0.930
State of Maryland	$0.132
Total	$1.514

*In Maryland, assessed values are 100% of fair market value.

Assessed Valuation

The parcels comprising the District are currently assessed by the Maryland State Department of Assessments and Taxation on the basis of their designation as "planned development land" under applicable Maryland law. As such, the property in the District (excluding existing improvements and corresponding homesite acreage which are assessed at fair market value) is assessed in the same manner as agricultural use land which is significantly less than its fair market value. Upon subdivision, the subdivided parcels will be assessed at 100% of their fair market value. The property in the District has a current assessed value of $1,187,900. The Developer acquired the property in the District in transactions during 2003 and 2004 for an aggregate purchase price of $13,166,660.

The Administrator

MuniCap, Inc. (the "Administrator," "Tax Consultant" and the initial "Independent Financial Consultant") has been retained by the City to assist with the administration of the District. This assistance will include estimating the annual special tax rates to be levied by the City on the property in the District, assisting with the collection of delinquent Special Taxes, responding to inquiries from property owners and others regarding the Special Taxes and the District, arbitrage rebate calculations, and preparation of quarterly reports to provide continuing disclosure information.

The Administrator is a public finance consulting firm with a specialized practice providing services related to the formation and administration of special districts. These services include the preparation of tax increment projections and special tax methodologies, calculation of annual special tax levies, continuing disclosure and financial services related to the administration of tax increment and special taxing districts. The Administrator provides administration services to other special taxing districts in Maryland, including the Lake Linganore and Urbana districts located in the County and other special districts in other states. The Administrator is located in Ellicott City, Maryland.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

The following description of the "Rate and Method of Apportionment of Special Taxes" (the "Rate and Method") is qualified in its entirety by reference to the full text of the document included in Appendix A. Capitalized terms not otherwise defined in this section or in the Indenture have the meaning given to them in the Rate and Method.

Annual Special Tax Requirement. The Special Tax Requirement for any Tax Year shall be estimated by the Administrator and determined by the City and shall be an amount equal to: (1) debt service and other periodic costs on the Bonds to be paid from the Special Taxes collected in such Tax Year, (2) Administrative Expenses to be incurred in the Tax Year or incurred in any previous Tax Year and not paid by the District, (3) costs of authorized services of the District, (4) any amount required to replenish any reserve fund established in association with any Bonds, (5) a contingency amount equal to the estimated delinquencies expected in payment of the Special Tax not otherwise taken into account, and (6) 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).

Special Tax Rates. The Special Tax for each Tax Year shall be equal to the Special Tax Requirement for that Tax Year. The Special Tax for each Parcel shall be equal to the following formula:

$$A = B \div C \times D \div E$$

Where the terms have the following meaning:

A = The Special Tax Rate for each Land Use Class

B = The total Equivalent Units for a Land Use Class

C = The total Equivalent Units for all Taxable Parcels in the District

D = An amount equal to $2,123,328, with such amount to be increased to 102% of the respective amount in effect in the previous Tax Year

E = The number of units in a Land Use Class (or thousands of Building Square Footage ("BSF") for Land Use Class 5)

"Equivalent Units" means a factor representing an allocation of the costs of improvements funded by the Bonds, with such factor equal to the following for each Land Use Class.

Land Use Class		Equivalent Units
Land Use Class 1	Single Family Detached Lots with at least 15 ft. setback	1.0000
Land Use Class 2	Single Family Detached Lots with less than 15 ft setback	0.9167
Land Use Class 3	Attached non-Assisted Living Units	0.7419
Land Use Class 4	Attached Assisted Living Units	0.5799
Land Use Class 5	Commercial Property	0.6530 per 1,000 BSF

Special Taxes are levied in the following order of priority in an amount necessary to meet the Special Tax Requirement: (1) for each Tax Year, prior to the Completion of Construction, proportionately on each Parcel of Developed Property at 91% of the applicable Maximum Special Tax for such Parcels and thereafter on each Parcel of Developed Property up to 91% of the applicable Maximum Special Tax for such Parcels in an amount necessary to fund the Special Tax Requirement, (2) on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for such Parcels, (3) on each Parcel of Developed Property up to 100% of the Maximum Special Tax for such Parcels.

The Special Tax is terminated on any Parcel after the earlier of the prepayment of the Special Tax, repayment or defeasance of the Bonds or the thirtieth Tax Year after the Tax Year in which the Bonds are issued. See APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES.

Expected Special Tax Revenues. Special Taxes for the District are first levied in 2006-2007 Tax Year. Because proceeds of the Bonds will be sufficient to fund debt service on the Bonds through 2008-2009 Tax Year, the Special Tax Requirement will commence and be collected in 2009-2010 Tax Year. Based upon information provided by the Developer, the Administrator has projected that the Special Taxes for all parcels payable in each year exceeds the maximum annual debt service requirements of the Bonds. Detailed projections of the Special Tax Revenues and debt service coverage on the Bonds, and the assumptions upon which they are based, are found in APPENDIX E – PROJECTIONS OF SPECIAL TAXES.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing law, the interest on the 2006 Bonds (a) is excludable from gross income for Federal income tax purposes, and (b) is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations; however, such interest may be taken into account in determining "adjusted current earnings" for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain requirements that must be met subsequent to the issuance of the 2006 Bonds in order for the interest on the 2006 Bonds to remain excludable from gross income for Federal income tax purposes, including restrictions that must be complied with throughout the term of the 2006 Bonds. The City and the Developer have made certain covenants regarding actions required to maintain the excludability of interest on the 2006 Bonds from gross income for federal income tax purposes. The opinion of Bond Counsel assumes continuing compliance with such covenants by the City and the Developer and, in addition, will rely on representations by the City and the Developer with respect to matters solely within the knowledge of the City and the Developer. Bond Counsel has not independently verified, and will not monitor compliance with, the covenants and representations of the City and the Developer. In the event of noncompliance with such covenants and representations, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the 2006 Bonds from becoming includable in gross income for Federal income tax purposes from the date of delivery of the 2006 Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, in calculating corporate alternative minimum tax, a corporation is required to increase its alternative minimum taxable income by 75 percent of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For this purpose, "adjusted current earnings" would include, among other items, interest on the 2006 Bonds. In addition, the Code imposes a branch-level tax on certain earnings and profits of foreign corporations operating branches in the United States, and such earnings and profits would include interest on the 2006 Bonds.

Other Federal income tax consequences may arise from ownership of the 2006 Bonds, and in connection therewith, attention is directed to the following provisions of the Code: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2006 Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the 2006 Bonds, (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the 2006 Bonds, (c) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on obligations such as the 2006 Bonds, and (d) for S corporations having subchapter C earnings and profits, the receipt of certain amounts of passive investment income, which includes interest on the 2006 Bonds, may result in the imposition of income tax on such passive investment income and, in some cases, loss of S corporation status. The foregoing is only a general summary of certain provisions of the Code and does not purport to be complete; prospective purchasers and holders of the 2006 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

The initial public offering price of some of the 2006 Bonds may be less than the amount payable on those 2006 Bonds at maturity. The excess, if any, of the amount payable at maturity of a 2006 Bond over the initial public offering price (plus accrued interest from the date of initial delivery of the 2006 Bond) at which a substantial amount of the same maturity of the 2006 Bonds was sold constitutes original issue discount for Federal income tax purposes ("OID"). The full amount of OID will accrue over the term of a 2006 Bond in accordance with a constant yield method (using semi-annual compounding) which allocates smaller portions of OID to earlier semi-annual compounding periods and larger portions of OID to later semi-annual compounding periods. In the case of an original or a subsequent holder of a 2006 Bond, the amount of OID which is treated as having accrued with respect to such 2006 Bond during the period that the holder has held it (a) is not included in the gross income of the holder for Federal income tax purposes, and (b) is included in the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Holders of 2006 Bonds should consult their tax advisors with respect to the determination, for Federal income tax purposes, of OID accrued upon the sale, redemption or payment at maturity of such 2006 Bonds.

Prospective purchasers of the 2006 Bonds should consider possible state and local, excise, or franchise tax consequences arising from OID on the 2006 Bonds. In addition, prospective corporate purchasers of the 2006 Bonds should consider possible Federal income tax consequences arising from OID on the 2006 Bonds under the alternative minimum tax and the branch profits tax described above.

A 2006 Bond will be considered to have been issued at a premium if, and to the extent that, the holder's tax basis in the 2006 Bond exceeds the amount payable at maturity (or, in the case of a 2006 Bond callable prior to maturity, the amount payable on the earlier call date). The holder will be required to reduce his tax basis in the 2006 Bond for purposes of determining gain or loss upon disposition of the 2006 Bond by the amount of amortizable bond premium that accrues (determined on a constant yield method) during the period of ownership. No deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the 2006 Bonds.

Legislative proposals presently before Congress or that are introduced after issuance and delivery of the 2006 Bonds, if enacted, could alter or amend one or more of the Federal tax matters referred to above and/or adversely affect the market value of the 2006 Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to obligations issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the 2006 Bonds should consult with their tax advisors as to the status and potential effect of such proposals.

The Internal Revenue Service (the "Service") has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for Federal income tax purposes. If the Service does audit the 2006 Bonds, under current Service procedures, the Service will treat the City as the taxpayer and the owners of the 2006 Bonds will have only limited rights, if any, to participate.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; prospective purchasers should consult their tax advisors as to the effects, if any, of the Code in their particular circumstances.

In the opinion of Bond Counsel, by the terms of the Act, the principal amount of the 2006 Bonds, the interest payable thereon, their transfer and any income derived from the transfer, including any profit made in the sale or transfer in the 2006 Bonds, shall be exempt from taxation by the State of Maryland and by the counties and municipal corporations of the State of Maryland; provided, however, that no opinion is expressed concerning estate or inheritance taxes, or any other taxes not levied or assessed directly on the 2006 Bonds or the interest thereon.

Interest on the 2006 Bonds may be subject to state or local taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Prospective purchasers of the 2006 Bonds should consult with their tax advisors regarding the taxable status of the 2006 Bonds in a particular state or local jurisdiction other than the State of Maryland.

BONDHOLDERS' RISKS

Certain risks are inherent in an investment in obligations issued by a governmental body secured by special taxes or assessments, which are the same as, or similar in nature to, the Special Taxes. Certain of these risks are described in the preceding section entitled "SECURITY FOR AND SOURCES OF PAYMENT OF THE 2006 BONDS"; however, certain additional risks are associated with the 2006 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the 2006 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the 2006 Bonds.

1. All of the land within the District is currently owned by the Developer. In the normal course of development, the Developer expects to subsequently transfer ownership of property. However, until such transfers occur, the timely payment of the 2006 Bonds depends on the willingness, and financial ability, of the Developer to pay the Special Taxes when due. This concentration of Special Tax payment obligation constitutes a significant risk to Holders of the 2006 Bonds. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other subsequent significant owner of property within the District, delays could occur in the payment of debt service on the 2006 Bonds. As such, bankruptcy could negatively impact the ability of: (i) the Developer and any other land owner to pay the Special Taxes; (ii) the City to collect Special Taxes applicable to such property; and (iii) the City to take such property to tax sale. In addition, the remedies available to the Bondowners of the 2006 Bonds upon a default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, any remedies available to Bondowners, including without limitation, enforcement of the obligation to pay or collect the Special Taxes, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2006 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available respecting the 2006 Bonds could have a material adverse impact on the interest of the Bondowners thereof.

2. The payment of a portion of the 2006 Bonds will be primarily dependent upon receipt of Special Taxes levied on undeveloped property. Payment of the 2006 Bonds will continue to be partially dependent upon receipt of Special Taxes levied on undeveloped property for a number of years in the future. Undeveloped property is less valuable per unit of area than developed land. The undeveloped property also provides less security than developed property to the Bondowners should it be necessary for the City to take a property to tax sale due to the nonpayment of the Special Taxes. Because of the current concentration of ownership, the timely payment of the 2006 Bonds depends upon the willingness and ability of a property owner to pay the Special Taxes levied on the undeveloped property when

due. A slowdown or stoppage in the continued development of the land in the District could reduce the willingness and ability of property owners to make Special Tax payments on undeveloped property and could greatly reduce the value of such property in the event of a tax sale. See item 1 above.

3. The security for the payment of the principal of, premium, if any, and interest on the 2006 Bonds is the timely collection of the Special Taxes. The Special Taxes may not be enforced as a personal indebtedness of the owners of the land subject thereto. The Developer expects to proceed in its normal course of business to develop and sell lots and subdivisions to commercial property owners and homesites and subdivisions generally to home builders. There is no assurance that the property owners will be able to pay the Special Taxes or that they will pay such Special Taxes even though financially able to do so. The determination of the benefits to be received by the land within the District as a result of implementation and development of the Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the allocation of benefits. To the extent that the realizable or market value of the land is lower than the allocation of benefits, the ability of the City to foreclose may be adversely affected. Such adverse effect could render the City unable to collect delinquent Special Taxes, if any, and could negatively impact the ability of the City to make the full or punctual payment of debt service on the 2006 Bonds.

4. The Development may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer. The real estate industry is highly competitive. See "THE DEVELOPMENT – Market Environment and Competition." In addition, the Development is subject to comprehensive federal, state, and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of required improvements, both public and private, and construction of the Project in accordance with applicable zoning, land use and environmental regulations for the Development. Although no delays are anticipated, failure to obtain any such approvals in a timely manner could delay or adversely affect the Development, which may negatively impact the Developer's desire or ability to develop the Development as contemplated. See APPENDIX C – ENGINEER'S REPORT for a discussion of permits and approvals.

5. There can be no assurances that the Developer will be able to achieve absorption rate estimates as described in the Market Study. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the Development, could impair the economic viability of the Development and could reduce the ability or desire of property owners to pay the Special Taxes. See "THE DEVELOPER" and "THE DEVELOPMENT."

6. The willingness and/or ability of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes, assessments and special taxes imposed upon the land by the City and the County. City and County special taxes and assessments, and ad valorem taxes levied to pay principal of and interest on bonds, including the Special Taxes, are payable at one time. The City and the County may also impose additional assessments, fees or taxes which could encumber the property burdened by the Special Taxes.

7. The 2006 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the 2006 Bonds in the event a Bondowner determines to solicit purchasers of the 2006 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the 2006 Bonds may be sold. Such price may be lower than that paid by a current Bondowner of the 2006 Bonds, depending on the progress of the Development, existing market conditions and other factors.

8. The Engineer has estimated the costs of the Project. See APPENDIX C – ENGINEER'S REPORT. If the proceeds of the 2006 Bonds, MDE grants, Developer contributions and other identified sources are not sufficient to finance the completion of the Project, it is unlikely that the City would have other funds to complete the Project.

9. In addition to the financing for the public improvements through the issuance of the 2006 Bonds, the Developer has obtained, or expects to obtain, private financing for significant costs relating to the land acquisition, development and construction of the Development. There can be no assurance that the Developer will meet any performance standards required by the lenders under any private financing arrangements. Further, to the extent that the Developer may require additional private financing for the Development, there can be no assurances that the Developer will successfully obtain such additional private financing or be able to secure additional financing if that portion of the development costs to be paid from project cash flow does not materialize or if cost overruns are experienced. The

failure to secure such financing, or to meet performance standards required under any private financing arrangements, could prevent the completion of the Development and, as a result, cause a default in payment of the principal of and interest on the 2006 Bonds.

10. The 2006 Bonds do not contain a provision allowing for the acceleration of the 2006 Bonds in the event of a payment default or other default under the terms of the 2006 Bonds or the Indenture. Further, the Indenture does not specify any events of default or remedies nor does it require the Trustee to seek any remedies. The ultimate source of recovery in the event of a default on payment of Special Taxes is the tax sale provisions described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE 2006 BONDS."

11. Certain properties in the District are exempt from the Special Taxes in accordance with the Rate and Method. The Rate and Method provides that the Special Tax shall not be levied on public property, homeowner association property and tax-exempt property. If a substantial portion of land within the District became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining property might not be sufficient to pay principal of and interest on the 2006 Bonds when due and a default will occur with respect to the payment of such principal and interest.

12. Within the limits of the Rate and Method, the City may adjust the Special Tax levied on all property within the District to provide an amount required to pay debt service on the 2006 Bonds and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Requirement and to pay Administrative Expenses. However, the amount of the Special Tax that may be levied against particular categories of property within the District is subject to the maximum rates provided in the Rate and Method approved by the City. There is no assurance that the maximum rates will at all times be sufficient to pay the amounts required to be paid by the Indenture.

13. As discussed under the caption "TAX EXEMPTION," the interest on the 2006 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the 2006 Bonds as a result of a failure of the City or the Developer to comply with certain provisions of the Code. Should such an event of taxability occur, the 2006 Bonds are not subject to early redemption and will remain Outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture.

14. Appendix E to this Limited Offering Memorandum entitled "Projections of Special Taxes" contains projections of the amounts that will be available based on the assumptions set out in Appendix E. These projections constitute "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as such may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. The assumptions used to make the projections were provided by the Developer. The City has not commissioned an independent feasibility analysis of any of the assumptions upon which the financial projections are based.

This section does not purport to summarize all risks that may be associated with purchasing or owning the 2006 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety (inclusive of Appendices) for a more complete description of investment considerations relating to the 2006 Bonds.

LEGALITY FOR INVESTMENT

The Act provides that the 2006 Bonds are a legal investment for all public officers and public bodies of the State and its public subdivisions, all insurance companies, state banks and trust companies, national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees, and other fiduciaries, and constitutes a security that may be deposited with and received by any state or county officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is authorized by law.

SUITABILITY FOR INVESTMENT

The 2006 Bonds are offered by the City only to "accredited investors" as defined in Regulation D of the Securities Act of 1933, as amended. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

CONTINUING DISCLOSURE

The City and the Developer have agreed to provide certain financial, operating and event information to holders of the 2006 Bonds. The specific nature of the information, as well as the circumstances under which other material events are reported, is contained in the forms of Continuing Disclosure Agreements set forth in APPENDIX G – FORMS OF CONTINUING DISCLOSURE AGREEMENTS. Failure to comply with the requirements of the Continuing Disclosure Agreements will not result in a default under the 2006 Bonds. The covenants contained within the Continuing Disclosure Agreements have been made notwithstanding that the 2006 Bonds are exempt from the provisions of SEC Rule 15c2-12(b)(5) since the 2006 Bonds are being offered in authorized denominations of $100,000 and are being sold to no more than 35 knowledgeable and experienced investors not purchasing with a view to distribute.

ENFORCEABILITY OF REMEDIES

The remedies available to the Bondowners of the 2006 Bonds upon an event of default under the 2006 Bonds are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, any remedies available to the Bondowners of the 2006 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2006 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2006 Bonds, or in any way contesting or affecting the validity of the 2006 Bonds or any proceedings of the City taken with respect to the creation of the District, the levy of Special Taxes, and the issuance or sale of the 2006 Bonds, or the pledge or application of any moneys or security provided for the payment of the 2006 Bonds.

There is no litigation of any nature now pending or threatened against the Developer that would have a material adverse impact on the financial positions of the Developer or on its ability to develop the Development.

RATING

No application for a rating has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the 2006 Bonds had application been made.

UNDERWRITING

Banc of America Securities LLC (the "Underwriter") has agreed pursuant to a contract with the City, subject to certain conditions, to purchase the 2006 Bonds from the City at a purchase price of $35,715,350. The purchase price reflects an underwriter's discount of $594,650. The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the 2006 Bonds if they are purchased. The 2006 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

EXPERTS

Davenport & Company LLC has served as Financial Advisor to the City with respect to the issuance and delivery of the 2006 Bonds. The references herein to Macris, Hendricks and Glascock, P.A., as the Engineer, have been approved by it, and the attached APPENDIX C – ENGINEER'S REPORT included in this Limited Offering Memorandum should be read in its entirety for complete information with respect to the subjects discussed therein. The references herein to Lipman Frizzell & Mitchell LLC, as the Market Consultant, have been approved by it, and the attached APPENDIX D – MARKET STUDY included in this Limited Offering Memorandum should be read in its entirety for complete information with respect to the subjects discussed therein. MuniCap, Inc. has prepared the Rate and Method of Apportionment of Special Taxes of the Brunswick Crossing Special Tax District attached hereto as APPENDIX A and is included in this Limited Offering Memorandum with permission. MuniCap, Inc. has also prepared the Projection of Special Taxes attached hereto as APPENDIX E and it is included in this Limited Offering Memorandum with permission.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the 2006 Bonds are subject to the approval of Venable LLP, Baltimore, Maryland, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by McGuireWoods LLP, Baltimore, Maryland. Certain legal matters will be passed upon for the Developer by Miles & Stockbridge P.C., Baltimore, Maryland.

MISCELLANEOUS

Any statements made in this Limited Offering Memorandum involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the 2006 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

This Limited Offering Memorandum is submitted in connection with the sale of the 2006 Bonds and may not be reproduced or used, as a whole or as a part, for any purpose. This Limited Offering Memorandum is not to be construed as a contract with the purchaser or the Bondowners or Beneficial Owners of any of the 2006 Bonds.

This Limited Offering Memorandum has been duly authorized and delivered by the City.

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

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RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
OF THE BRUNSWICK CROSSING SPECIAL TAXING DISTRICT

MAYOR AND COUNCIL OF BRUNSWICK, MARYLAND

A Special Tax is hereby levied in the Brunswick Crossing Special Taxing District in an amount equal to the Maximum Special Tax each year from the 2006-2007 Tax Year through the Termination Date on each Parcel in accordance with the provisions described below. The City shall determine the amount of the Special Tax to be collected each year, which amount may be less but not more than the Maximum Special Tax, through the application of the procedures described below. All of the real and personal property in the District, unless otherwise provided 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 Article 23A, Section 44A of the Annotated Code of Maryland, as amended.

"Adjusted Special Tax Rate" means the Adjusted Special Tax Rate described in Section C.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Trustee; the expenses of the City in carrying out its duties under the Trust Indenture, including, but not limited to, the levy and collection of the Special Tax (including the fees of any professional consultant retained by the City to provide services for such purpose) and compliance with arbitrage rebate requirements and obligated persons disclosure requirements, including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto; and all other costs and expenses of the City, the Trustee, or the Administrator incurred in connection with the discharge of their respective duties under the Trust Indenture, including legal expenses associated with such duties, and, in the case of the City, in any way related to the administration of the District.

"Administrator" means the designee of the City for purposes of calculating the annual Special Tax to be collected and other services as designated by the City.

"Assessor's Parcel" or **"Parcel"** means a lot or parcel within the District with a parcel identification number assigned by the Supervisor.

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

"Building Square Footage" or "BSF" means the square footage of usable area listed on a Parcel's building permit(s) or plans approved by the County, as determined by the Administrator.

"City" means the Mayor and Council of the City of Brunswick, Maryland.

"Classification Date" means the date each year at which property is classified for purposes of determining the Special Tax to be collected from each Parcel. The Classification Date shall be determined each Tax Year by the Administrator as a date that provides sufficient time for the calculation, billing, and collection of the Special Tax.

"Commencement Date" means the first Tax Year that begins after the Bonds are issued.

"Commercial Property" means Taxable Property other than Residential Property.

"Completion of Construction" means completion of all of the Public Improvements as evidenced by a certificate of completion (as provided for in the Trust Indenture).

"Council" means the Council of the City of Brunswick, Maryland.

"Developed Property" means, for any Tax Year, any Parcel of Taxable Property which by the Classification Date (i) a building permit has been issued or (ii) has been added to an owner association by the filing of a supplemental declaration or similar document in the land records of Frederick County. A supplemental declaration or similar document shall not include a master owners association declaration that merely puts future owners on notice that such property will be annexed into the owner association at a later date.

"District" means the Brunswick Crossing Special Taxing District established by the City under the Act.

"Equivalent Units" means a factor representing an allocation of the costs of the improvements funded by the Bonds, with such factor equal to the following for each Land Use Class:

Land Use Class 1	1.0000 per unit
Land Use Class 2	0.9167 per unit
Land Use Class 3	0.7419 per unit
Land Use Class 4	0.5799 per unit
Land Use Class 5	0.6530 per 1,000 BSF

"Land Use Class or Classes" means Land Use Class 1, 2, 3, 4 and 5.

"Land Use Class 1" means Residential Property that consists, or is intended to consist, of single family detached lots with a minimum front building restriction set back of fifteen feet or more.

"Land Use Class 2" means Residential Property that consists, or is intended to consist, of single family detached lots with a minimum front building restriction set back of less than fifteen feet or that are not otherwise classified as Land Use Class 1.

"Land Use Class 3" means Residential Property that consists, or is intended to consist, of attached units other than Land Use Class 4.

"Land Use Class 4" means Residential Property that consists, or is intended to consist, of attached units that are also assisted living units.

“Land Use Class 5” means Taxable Property (i) used or intended for use as Commercial Property or (ii) not classified as Land Use Classes 1, 2, 3, or 4.

“Maximum Special Tax” means the highest Special Tax, determined in accordance with Section C, levied in each Tax Year on Taxable Property.

“Maximum Special Tax Rate” means the Maximum Special Tax Rate described in Section C.

“Mayor” means the Mayor of the City.

“Non-Benefited Property” means Owner Association Property and easements and rights of way for the exclusive use of a public utility provider.

“Owner Association Property” means, for any Tax Year, any real property within the boundaries of the District that is owned by, or irrevocably offered for dedication, to an owner's association, whether in fee simple or through an exclusive use easement or right of way; provided, however, that real property that has been irrevocably dedicated will only be included if a copy of the irrevocable dedication is provided to the Administrator by the Classification Date.

“Parcel” means any tax parcel as determined by the Supervisor.

“Personal Property Tax Rate” means a tax rate equal to $0 per $100 of assessed value.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Parcels of Developed Property or Undeveloped Property, respectively.

"Public Improvements" means the public improvements the City has authorized to be constructed for the benefit of the District and funded by Bonds.

“Public Property” means property within the boundaries of the District owned by, or irrevocably offered for dedication, whether in fee simple or through an exclusive use easement, to the federal government, the State of Maryland, the City, Frederick County, or any other public agency.

“Residential Property” means property that is or intended for residential uses, including ancillary uses thereto.

“Special Tax” means the special tax levied by the City within the District or the special tax to be collected from Taxable Property each Tax Year to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount required in any Tax Year to pay: (1) debt service and other costs on the Bonds to be paid from Special Taxes collected in such Tax Year, (2) Administrative Expenses to be incurred in the Tax Year or incurred in any previous Tax Year and not paid by the District, (3) costs of authorized services of the District, (4) any amount required to replenish any reserve fund established in association with Bonds issued for the District, (5) a contingency amount which may be equal to the estimated delinquencies expected in payment of the Special Tax not otherwise taken into account, and (6) the costs of remarketing,

credit enhancement 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 any credits available as a result of funds and accounts held under the Trust Indenture.

"Supervisor" means the supervisor of assessments for the City or such other official with responsibility for determining the tax parcels in the City of Brunswick.

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

"Taxable Property" means any Parcel that is not Public Property or Non-Benefited Property.

"Termination Date" means the Tax Year determined pursuant to Section G.

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

"Trustee" means the trustee, fiscal agent, or paying agent appointed by the City to carry out the duties of the trustee, fiscal agent, or paying agent specified in the Trust Indenture.

"Undeveloped Property" means, for any Tax Year, any Parcel of Taxable Property that is not classified as Developed Property.

B. ASSIGNMENT TO PARCEL CATEGORIES

For each Tax Year, the Administrator shall classify all Parcels as Public Property, Non-Benefited Property, or Taxable Property, and all Parcels of Taxable Property as Developed Property or Undeveloped Property and as Land Use Class 1, Land Use Class 2, Land Use Class 3, Land Use Class 4, and Land Use Class 5.

C. MAXIMUM SPECIAL TAX

The Maximum Special Tax for any Parcel in each Tax Year shall be the amount calculated pursuant to the following provisions.

1. Maximum Special Taxes

The Maximum Special Tax for the 2006-2007 Tax Year for each Parcel shall be equal to the product of the number of dwelling units (or thousands of Building Square Footage of usable space for Land Use Class 5) of each Land Use Class on or expected to be built on such Parcel and Maximum Special Tax Rates for each Land Use Class as follows:

Land Use Class 1	$1,350
Land Use Class 2	$1,238
Land Use Class 3	$1,002
Land Use Class 4	$783
Land Use Class 5	$882

On each July 1, commencing July 1, 2007, the Maximum Special Tax Rates shall be increased to

102 percent of the respective Maximum Special Tax Rate in effect in the previous Tax Year.

2. Adjusted Special Tax Rate

The Maximum Special Tax Rates are based on the following number of expected units (thousands of BSF for Land Use Class 5):

Land Use Class 1	422
Land Use Class 2	624
Land Use Class 3	359
Land Use Class 4	100
Land Use Class 5	389

Development as proposed will result in total Maximum Special Taxes of $2,123,328 based on 2006 Maximum Special Tax Rates. The Maximum Special Tax Rates are to be adjusted pursuant to this section so that the total of the Maximum Special Taxes are the same if the actual number of units or thousands of BSF are different than anticipated and this would otherwise result in a reduction in the total of the Maximum Special Taxes.

The Adjusted Special Tax Rates shall be calculated according to the following formula:

$$A = B \div C \times D \div E$$

Where the terms have the following meaning:

A = The Adjusted Special Tax Rate for each Land Use Class
B = The total Equivalent Units for a Land Use Class
C = The total Equivalent Units for all Taxable Parcels in the District
D = An amount equal to $2,123,328, with such amount to be increased to 102 percent of the respective amount in effect in the previous Tax Year
E = The number of units in a Land Use Class (or thousands of BSF for Land Use Class 5).

D. LEVY AND COLLECTION OF SPECIAL TAXES

Special Taxes have been levied in an amount equal to the Maximum Special Tax for each Parcel each year from the 2006-2007 Tax Year through the Termination Date. The City shall determine the amount of the Special Tax to be collected each year, which amount may be less but not more than the Maximum Special Tax, through the application of the procedures described below.

The Special Taxes to be collected prior to the Commencement Date shall be zero. Commencing with the Commencement Date and for each following Tax Year through the Termination Date, the City shall determine the Special Tax Requirement and shall collect the Special Tax in an amount up to the Maximum Special Tax for each Parcel, as provided below, until the aggregate amount of the levy equals the Special Tax Requirement.

First: For each Tax Year, prior to the Completion of Construction, the Special Tax shall be collected Proportionately from each Parcel of Developed Property at 91 percent of the applicable

Maximum Special Tax for such Parcels. Subsequent to the Completion of Construction, the Special Tax shall be collected Proportionately on each Parcel of Developed Property up to 91 percent of the applicable Maximum Special Tax for such Parcels, in an amount necessary to fund the Special Tax Requirement.

Second: If additional monies are needed after the first step has been completed, the Special Tax shall be collected Proportionately on each Parcel of Undeveloped Property up to 100 percent of the Maximum Special Tax for each Parcel.

Third: If additional monies are needed after the first two steps have been completed, the Special Tax shall be collected Proportionately on each Parcel of Developed Property up to 100 percent of the applicable Maximum Special Tax for each Parcel.

E. PROPERTY NOT SUBJECT TO SPECIAL TAXES

A Special Tax shall not be levied on and shall not be collected from Public Property and Non-Benefited Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as regular real property taxes and, in the event of a delinquent Special Tax, shall be subject to the same interest, penalties and lien as regular real property taxes; provided, however, the Special Taxes may be collected at a different time or in a different manner as determined by the City.

G. TERMINATION OF SPECIAL TAX

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be collected on any Parcel after the first to occur of the repayment or defeasance of the Bonds and the thirtieth (30th) Tax Year after the Tax Year in which Bonds were issued. The levy of the Special Tax shall cease on the Termination Date.

H. APPEALING THE CALCULATION OF SPECIAL TAXES

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Administrator not later than one calendar year after the due date of the Special Tax that is disputed. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the property owner does not agree with the decision of the Administrator, the decision may be appealed to the City within thirty days of the notice of the Administrator regarding its determination of the appeal. The City shall review the conclusion of the Administrator, the information made available to the Administrator, and such other information as may be submitted by the property owner or the Administrator. If the decision of the Administrator or the City 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 there are sufficient funds held by the Trustee not required to meet the Special Tax Requirement, but an adjustment shall be made to the Special Tax levy on that Parcel in the next Fiscal Year. 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 on any Parcel may be fully prepaid at any time and the obligation to pay the Special Tax permanently satisfied by payment of the amount calculated according to the following provisions:

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, less (b) the Reserve Fund Credit, plus (c) 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 applicable Bonds equal to (i) the Maximum Special Tax for the Parcel for which the Special Tax is being prepaid for the Tax Year in which such prepayment is made divided by (ii) the sum of the Maximum Special Taxes for all of the Parcels of Taxable Property (excluding any Parcels for which the Maximum Special Tax has been previously prepaid) for the Tax Year in which such prepayment is made with the result multiplied by (iii) the total applicable Bonds outstanding and not defeased.

"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 Trust Indenture.

"Defeasance" means the amount needed to pay interest on the Principal until the earlier of the maturity of or the earliest call date for the applicable 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 or principal on 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 the reduction in the reserve fund requirement as provided for in the Trust Indenture resulting from the redemption of the Bonds.

The Maximum Special Tax may be prepaid in part, provided that proceeds for any such prepayment are sufficient to permit the redemption of Bonds in such amounts and maturities deemed necessary by the Administrator, in its sole discretion. The amount of any partial prepayment shall be computed by multiplying the Maximum Special Tax prepayment amount calculated above by the percent of the Maximum Special Tax to be prepaid.

The sum of the amounts calculated herein shall be paid to the Trustee and shall be used to pay and redeem Bonds in accordance with the Trust Indenture and to pay the Administrative Expenses associated with the prepayment. Upon the payment of such prepayment amount to the Trustee, the obligation to pay the portion of the Maximum Special Tax which is prepaid for such

Parcel shall be deemed to be permanently satisfied, such portion of the Special Tax shall not be levied thereafter on such Parcel, and if the entire Maximum Special Tax has been prepaid, the City shall provide to the owner (or cause to be recorded) a recordable notice of the payment of the Special Tax within a reasonable period of time of receipt of such prepayment.

J. AMENDMENTS

This Rate and Method of Apportionment may be amended by the City and, to the maximum extent permitted by the Act, such amendments may be made without further notice under the Act and without notice to owners of Taxable Property within the District in order to (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the Special Tax so as to assure the efficient collection of the Special Tax for the benefit of the owners of the Bonds, and (iii) otherwise improve the ability to fulfill the obligations under the Trust Indenture to impose and collect the Special Tax and to make it available for the payment of the Bonds and Administrative Expenses. No such amendment shall be approved by the City unless and until it has (i) found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds and (ii) received an opinion of a nationally recognized bond counsel to the effect that the amendment is authorized pursuant to the terms of the Act and the Trust Indenture.

K. INTERPRETATION OF PROVISIONS

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

L. REDUCTION IN THE MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax Rate, including the Adjusted Special Tax Rate, may be reduced by the Mayor once the Bonds are issued to reflect the actual rate of interest on the Bonds and the amount of Bonds actually issued, to a rate that provides for adequate Special Tax revenue to pay the debt service on the Bonds and any other expected amounts of the Special Tax Requirement. The methodology for determining the reduced Maximum Special Tax shall be the same as that used to calculate the Maximum Special Tax Rate herein, adjusting only for the actual interest rate and the amount of the Bonds actually issued.

APPENDIX B

FORMS OF CERTAIN PRINCIPAL FINANCING DOCUMENTS

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APPENDIX B-1

TRUST INDENTURE

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TRUST INDENTURE

by and between

Mayor and Council of Brunswick

and

Manufacturers and Traders Trust Company

as Trustee

Dated as of September 1, 2006

RELATING TO:

Mayor and Council of Brunswick
(City of Brunswick, Maryland)
Special Obligation Bonds
(Brunswick Crossing Special Taxing District)
Series 2006

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APPENDIX A – DEFINITIONS
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APPENDIX C – DESCRIPTION OF PROJECT

THIS TRUST INDENTURE (the "Indenture") is made and entered into as of September 1, 2006, by and between the Mayor and Council of Brunswick, a body politic and corporate and a political subdivision of the State of Maryland (the "City"), and Manufacturers and Traders Trust Company, as trustee (the "Trustee").

RECITALS

The City is authorized under Article 23A, Section 44A of the Annotated Code of Maryland, as amended (the "Act"), to create special taxing districts, to levy ad valorem or special taxes and to borrow money by issuing and selling bonds for the purpose of financing, refinancing or reimbursing the cost of the design, construction, establishment, extension, alteration, or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, libraries, schools and other infrastructure improvements as necessary, whether situated within the special taxing districts or outside the special taxing districts.

Pursuant to Special Ordinance No. 431 adopted by the Mayor and Council of Brunswick (the "Mayor and Council") on October 11, 2005 (the "Ordinance"), the City has designated an area to be known as the "Brunswick Crossing Special Taxing District" (the "District") as a special taxing district under the provisions of the Act. Under the provisions of the Act and by the Ordinance, the City has created a special fund with respect to the District and provided for the levy of a special tax on all real and personal property within the District at a rate or amount designed to provide adequate revenues to pay the principal of, interest on, and redemption premium if any, on the bonds hereinafter described, to replenish any debt service reserve fund, and for any other purposes related to the ongoing expenses or security for said bonds.

The Ordinance also authorized the issuance by the City of its Special Obligation Bonds (Brunswick Crossing Special Taxing District) (the "Bonds"), in an aggregate principal amount not to exceed $36,310,000. Pursuant to the Ordinance, the Mayor or the City Administrator by Written Order (the "Order"), has authorized the issuance and sale of a first series of the Bonds designated as "Series 2006" in an aggregate principal amount not to exceed $36,310,000, provided that such issuance would be in accordance with the Act and this Indenture, and authorized the execution hereof.

As provided in the Act, the Ordinance and the Order, the Bonds are special obligations of the City payable from the special fund created by the Ordinance and may not constitute a general obligation debt of the City or pledge of the City's full faith and credit or taxing power.

The City has determined that it is in the public interest and for the benefit of the City, the District and the owners of the Bonds that the City enter into this Indenture to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the Special Tax (defined below) securing the Bonds and the administration and payment of the Bonds.

All things necessary to cause the Bonds, when executed by the City and issued as provided in the Act, the Ordinance and this Indenture, to be legal, valid and binding and special obligations of the City in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Indenture and the creation, authorization, execution and issuance of the Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS AND BENEFIT OF CONTRACT

Section 1.01. Definitions

Terms used in this Indenture shall have the meanings set forth in Appendix A, unless a different meaning clearly appears from the context.

Section 1.02. Rules of Construction

Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) Words importing the singular number include the plural number and words importing the plural number include the singular number.

(b) Words of the masculine gender include correlative words of the feminine and neuter genders.

(c) The headings and the table of contents set forth in this Indenture are solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(d) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(e) Any reference to a particular percentage or proportion of the holders of Bonds shall mean the holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Indenture, except Bonds held by or for the account of the City, whether or not pledged to or by the City; however, Bonds so pledged may be regarded as Outstanding for the purposes of this paragraph if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such Bonds. Any reference herein to Bonds the consent or direction of a specified proportion of the holders of which is required or permitted prior to the taking of any action hereunder shall mean the holders of such proportion of Outstanding Bonds as shall be affected thereby.

(f) Any reference to the Improvement Fund, the Cost of Issuance Fund, the Reserve Fund, the Bond Fund, the Special Tax Fund, the Rebate Fund and the Administrative Expense Fund shall be to the fund or account so designated that is created under Article IV.

(g) Any reference to a particular Article or Section shall be to such article or section of this Indenture unless the context shall require otherwise.

Section 1.03. Indenture, Pledge and Bonds Constitute a Contract

In consideration of the purchase and acceptance of any or all Bonds authorized or permitted to be issued under this Indenture by those who shall hold the same from time to time:

(a) This Indenture shall be deemed to be and shall constitute a contract by and among the City, the Trustee and the Holders from time to time of all Outstanding Bonds;

(b) The pledge made herein and the covenants and agreements set forth to be performed by or on behalf of the City shall be for the equal and ratable benefit, protection and security of the Holders of the Series 2006 Bonds and, to the extent provided herein and in any Supplemental Indenture authorizing or approving the issuance of Additional Bonds, the Holders of such Additional Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond except as expressly provided herein or permitted hereby;

(c) As security for the Bonds, the City hereby pledges to the Trustee for the benefit of the Holders a first pledge (which shall be effected in the manner and to the extent herein provided) of all of the Special Tax Revenues and all monies deposited in the Bond Fund, the Reserve Fund, the Special Tax Fund and the Improvement Fund (excluding however, monies in the New Project Fees Account thereof), and hereby dedicates the Special Tax Revenues and all monies deposited into said funds (except as otherwise provided herein) to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until monies or Government Obligations have been set aside irrevocably for that purpose in accordance with Section 9.01 hereof. Amounts in the New Project Fees Account of the Improvement Fund, the Administrative Expense Fund, the Rebate Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The Project is not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation or destruction of the Project are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

(d) As provided in the Act, the Ordinance and the Order, the Bonds are special obligations of the City payable from the special fund created by the Ordinance and shall not constitute a general obligation debt of the City or pledge of the City's full faith and credit or taxing power.

(e) The pledge made pursuant to the Ordinance and this Section 1.03 shall be valid and binding from the Closing Date, and from such Closing Date the Special Tax Fund, the

Improvement Fund (exclusive of the New Project Fees Account thereof), the Bond Fund and the Reserve Fund (except as otherwise provided in this Indenture) shall be subject to the lien of such pledge without any physical delivery or other act. The lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City whether or not such parties have notice of such lien.

(f) Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the acquisition of the Project or upon the performance by any person of such persons obligation(s) with respect to the Project.

ARTICLE II

AUTHORIZATION OF FINANCING AND REFINANCING, AUTHORIZATION AND DETAILS OF THE BONDS, ADDITIONAL BONDS

Section 2.01. Financing and Refinancing Authorized.

The financing and refinancing of the Project is hereby authorized.

Section 2.02. Series 2006 Bonds Authorized.

There is hereby authorized the issuance under this Indenture of a Series of Bonds in the aggregate principal amount of Thirty-Six Million Three Hundred Ten Thousand Dollars ($36,310,000), which shall be designated "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District), Series 2006" for the purpose of financing and refinancing the cost of construction and acquisition of the Project.

The Project consists of certain public improvements for a mixed-use residential and commercial development known as "Brunswick Crossing." The Series 2006 Bonds are being issued to finance certain costs of the Project. The Project is described in detail on Appendix C. Additional Bonds may be issued from time to time to provide additional financing for the development of the Project or Additional Facilities.

Section 2.03. Details of Bonds, Form of Bonds.

The Series 2006 Bonds shall be issued as fully registered bonds without coupons. The Series 2006 Bonds shall bear interest at the rate or rates of interest per annum (calculated on the basis of a year consisting of twelve 30-day months) set forth below and shall mature on July 1 as follows:

Term Bonds

Year	Principal Amount	Interest Rate
2036	$36,310,000	5.50%

The Series 2006 Bonds shall be subject to mandatory and optional redemption prior to maturity, and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in the form of Series 2006 Bond attached hereto as Appendix B.

The Series 2006 Bonds shall be substantially in the form set forth in Appendix B attached hereto and made a part hereof, with such insertions, omissions and variations as may be deemed necessary or appropriate by the Authorized Officers of the City executing the same and as shall be permitted by the Act. The City hereby adopts the form of Series 2006 Bond set forth in Appendix B, and all of the covenants and conditions set forth therein, as and for the form of obligation to be incurred by the City as the Series 2006 Bonds. The covenants and conditions set forth in such form are incorporated into this Indenture by reference and shall be binding upon the City as though set forth in full herein.

The Bonds may contain, or have endorsed thereon, any notations, legends or endorsements not inconsistent with the provisions of this Indenture or of any Supplemental Indenture authorizing the same as may be necessary or desirable and as may be determined by an Authorized Officer of the City prior to the authentication and delivery of such Bonds. The execution and delivery of the Bonds by the City in accordance with this Indenture shall be conclusive evidence of the approval of the form of such Bonds by the City, including any insertions, omissions, variations, notations, legends or endorsements authorized by this Indenture.

The Bonds shall be numbered in the manner determined by the Trustee. Before authenticating and delivering any Bond, the Registrar shall complete the form of such Bond to show the registered owner, principal amount, interest rate, if any, maturity date, number and authentication date of such Bond. Additional Bonds may bear such identifying designation as may be provided in the Supplemental Indenture authorizing such Additional Bonds and the Trustee may reflect such identifying designation in the numbering of such Additional Bonds.

The Series 2006 Bonds shall be issued as fully registered Bonds without coupons in an Authorized Denomination.

The Bonds of a Series may have printed on the reverse side thereof or attached thereto the opinion of Bond Counsel for such Series of Bonds. The printing of CUSIP numbers on the Bonds shall have no legal effect and shall not affect the enforceability of any Bond.

Section 2.04. Sinking Fund Installments for Series 2006 Bonds.

(a) The City shall cause to be deposited in the Bond Fund from the Special Tax Fund, in accordance with Section 4.06(b) hereof, an amount sufficient to pay Sinking Fund Installments for the Series 2006 Bonds, and the Trustee shall purchase or redeem from the Bond Fund on July 1 of the following years, Series 2006 Bonds in the following amounts:

$36,310,000 Term Bonds Due July 1, 2036

Year	Sinking Fund Installment	Year	Sinking Fund Installment
2010	$129,000	2024	$1,240,000
2011	178,000	2025	1,364,000
2012	231,000	2026	1,496,000
2013	288,000	2027	1,637,000
2014	349,000	2028	1,787,000
2015	415,000	2029	1,946,000
2016	484,000	2030	2,115,000
2017	559,000	2031	2,294,000
2018	638,000	2032	2,485,000
2019	723,000	2033	2,687,000
2020	814,000	2034	2,902,000
2021	911,000	2035	3,130,000
2022	1,013,000	2036	3,372,000
2023	1,123,000		

(b) Series 2006 Bonds redeemed pursuant to the optional redemption provisions set forth in Section 5(a) of the Series 2006 Bond and Series 2006 Bonds redeemed pursuant to extraordinary redemption provisions set forth in Section 5(c)(i) of the Bond shall be credited to Sinking Fund Installments in inverse order or pro rata, as directed by an Authorized Officer. Bonds redeemed pursuant to the special tax prepayment redemption provisions set forth in Section 5(c)(ii) of the Bond shall be credited pro rata to the remaining Sinking Fund Installments on a pro rata basis as nearly as practicable. Bonds purchased by the Trustee pursuant to Section 4.05(c) hereof from funds transferred to the Bond Fund from the Special Tax Prepayments Account in accordance with Section 4.05(b)(3) hereof shall be credited pro rata to the remaining Sinking Fund Installments as nearly as practicable. Bonds purchased by the Trustee under all other circumstances shall be credited to Sinking Fund Installments in inverse order.

Section 2.05. Conditions Precedent to Delivery of Series 2006 Bonds.

The Series 2006 Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee, upon receipt of the Order of the City directing the authentication of the Series 2006 Bonds, shall authenticate the Series 2006 Bonds and, upon payment of the purchase price of the Series 2006 Bonds, shall deliver the Series 2006 Bonds upon the order of the City, but only upon delivery to the Trustee of:

(a) A copy of this Indenture and the Development Agreement executed by an Authorized Officer of the City and executed by the Trustee and the Developer, respectively.

(b) Certified copies of the Ordinance and the Order of the City directing the authentication and delivery of the Series 2006 Bonds by the Trustee, describing the Series 2006 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2006 Bonds are to be delivered, stating the purchase price of the Series 2006 Bonds and stating that all items required by this Section 2.05 are therewith delivered to the Trustee in form and substance satisfactory to the City.

(c) An opinion of Bond Counsel to the effect that: (i) this Indenture has been duly authorized and executed by the City, (ii) this Indenture is in full force and effect and is valid and binding upon the City, (iii) the City is duly authorized and entitled to issue the Series 2006 Bonds and, upon the execution, authentication and delivery thereof as provided in this Indenture, the Series 2006 Bonds will be duly and validly issued and will constitute valid and binding special obligations of the City, and (iv) interest on the Series 2006 Bonds will be exempt from income taxation under applicable state and federal law.

(d) An opinion of Bond Counsel to the effect that: (i) the Development Agreement has been duly authorized and executed by the City, and (ii) the Development Agreement is in full force and effect and is valid and binding upon the City.

(e) An opinion of Counsel to the Developer to the effect that: (i) the Development Agreement has been duly authorized and executed by the Developer, and (ii) the Development Agreement is in full force and effect and is valid and binding upon the Developer.

(f) The proceeds of the Series 2006 Bonds to be deposited as herein provided.

(g) Such other documents and instruments as shall be required by the City, the Trustee and the Original Purchaser of the Series 2006 Bonds.

Any designated officers of the City are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Series 2006 Bonds in accordance with the provisions of the Act, the Ordinance and this Indenture, to authorize the payment of Costs of Issuance and the actual costs of the Project by the Trustee from the proceeds of the Series 2006 Bonds and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Series 2006 Bonds to or upon the order of the Original Purchaser.

Section 2.06. Refunding Bonds.

The City may issue refunding bonds (which may be Bonds issued under this Indenture) to refund any Outstanding Bonds. Refunding bonds shall be issued pursuant to and in accordance with the provisions of this Indenture or any other indenture of the City authorizing such refunding bonds, which may provide (without limitation) for the refunding of Outstanding Bonds in advance of the earliest redemption date for such Outstanding Bonds.

Section 2.07. Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds

In addition to the Series 2006 Bonds, the City may issue from time to time Additional Bonds under and secured by this Indenture, subject to the further provisions of this Section 2.07, for any purpose for which obligations of the City may be issued under the Act, including (without limitation) to: (i) refund or advance refund any Outstanding Bonds; (ii) obtain funds necessary to finance or refinance the acquisition or construction of any Additional Facilities; or (iii) obtain funds necessary to finance or refinance the completion of the acquisition or construction of the Project or any Additional Facilities. Additional Bonds may be issued to pay the costs incurred in connection with the issuance and sale of any Bonds, to establish reserves and to pay interest on any Bonds and during acquisition and construction and (if deemed advisable by the City) for a limited period after the completion of the Project or any Additional Facilities, as the case may be. The issuance of Additional Bonds shall be authorized by a Supplemental Indenture of the City, which shall specify all matters required to be provided in this Section 2.07.

Each Series of Additional Bonds shall be on a parity with, and shall be entitled to the same benefit and security of this Indenture as the Series 2006 Bonds and any other Series of Additional Bonds that may be issued from time to time, to the extent provided in this Section 2.07.

The Bonds of any Series of Additional Bonds shall bear interest, be subject to mandatory and optional redemption prior to maturity and mature and shall have the terms, tenor, denominations, details and specifications as set forth in this Section 2.07 and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds, the form, denominations, registration provisions and provisions for the exchange of such Additional Bonds and other details of such Additional Bonds. Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide for the creation of new funds or accounts for such Additional Bonds or separate accounts in the Improvement Fund, Cost of Issuance Fund, Reserve Fund, Bond Fund, Special Tax Fund, Rebate Fund or Administrative Expense Fund with respect to the Additional Bonds.

All Additional Bonds shall mature on July 1, and redemptions of Additional Bonds shall be made on July 1 of the year in which such redemptions are to be made. The interest on all Additional Bonds shall be payable on July 1 and January 1 of each year.

If any Supplemental Indenture authorizing the issuance of Additional Bonds provides for the establishment of separate funds and accounts for any Series of Bonds, then such Supplemental Indenture shall require: (i) that the funds received by the City and deposited into the Special Tax Fund or received by the Trustee and deposited to the Bond Fund shall be deposited pro rata as to time and amount among the accounts of the Bond Fund on the basis of

the principal of, the Sinking Fund Installments for and the interest on the Series of Bonds secured thereby becoming due during the period from July 2 of any year through July 1 of the immediately succeeding year, to the end that the Bonds of each Series shall be equally and ratably secured, (ii) that Special Taxes received by the City and required to be deposited to the Reserve Fund on any date shall be allocated pro rata among all funds on the basis of the respective aggregate principal amounts of the Bonds Outstanding secured by such Reserve Funds, and (iii) that amounts on deposit in the Bond Fund and the Reserve Fund, if any, created for particular Series of Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series and shall not be available to satisfy the claims of Holders of Bonds of any other Series.

Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide that any proceeds of such Additional Bonds and investment earnings thereon remaining after the completion of the Project or any Additional Facilities financed with the proceeds of such Additional Bonds shall be applied to the redemption of such Series of Additional Bonds.

Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide that: (i) such Series of Bonds shall be secured by the Reserve Fund maintained for the Series 2006 Bonds, (ii) such Series of Additional Bonds shall not be secured by a Reserve Fund, or (iii) such Additional Bonds shall be secured by a separate Reserve Fund.

If any Supplemental Indenture authorizing the issuance of any Series of Additional Bonds provides that such Additional Bonds shall be secured by the Reserve Fund maintained for the Series 2006 Bonds, such Supplemental Indenture shall provide for the deposit in such Reserve Fund on the date of issuance of such Additional Bonds of the amount, if any, necessary to make the amount on deposit therein equal to the Reserve Requirement on all Bonds secured thereby, after giving effect to the issuance of such Additional Bonds. Such Supplemental Indenture may provide that the amount of any increase in the Reserve Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds.

If the Supplemental Indenture authorizing the issuance of any Additional Bonds provides that such Series of Additional Bonds shall be secured by a separate Reserve Fund, such Supplemental Indenture shall: (i) establish the amount of the Reserve Requirement for such Reserve Fund, (ii) contain provisions with respect to the issuance of any other Additional Bonds secured by such Reserve Fund, and (iii) provide such terms with respect to the valuation of such Reserve Fund, the application of any earnings on or surpluses in such Reserve Fund as the City shall deem appropriate, any other provision of this Indenture to the contrary notwithstanding. If a separate Reserve Fund is created for any Series of Bonds, the Reserve Requirement shall be calculated separately for each Series of Bonds for which a separate Reserve Fund is maintained.

The Bonds of each Series of Additional Bonds shall be executed by the City and delivered to the Registrar, whereupon the Registrar shall authenticate such Additional Bonds and deliver such Additional Bonds to or upon the order of the City, but only upon receipt by the Registrar of notice from the Trustee that the City or the Trustee has received the purchase price of such Additional Bonds and each of the following:

(a) A copy of the applicable Supplemental Indenture authorizing the issuance of such Additional Bonds, certified by an Authorized Officer of the City;

(b) A copy of the ordinance of the Mayor and Council authorizing the Series of Additional Bonds;

(c) A copy of the applicable Supplemental Development Agreement relating to such Additional Bonds, certified by an Authorized Officer of the City;

(d) A certificate of an Authorized Officer of the City to the effect that the City is then in compliance with all covenants set forth in this Indenture and all Supplemental Indentures;

(e) A certificate of the Developer to the effect that the Developer is then in compliance with all of its then obligations under the Development Agreement and any continuing disclosure agreement pertaining to any Series of Bonds;

(f) An opinion of Bond Counsel to the effect that: (i) the ordinance and the Supplemental Indenture authorizing the issuance of such Additional Bonds is in full force and effect and is valid and binding upon the City, (ii) the City is duly authorized and entitled to issue such Additional Bonds and, upon the execution, authentication and delivery thereof as provided in such ordinance and Supplemental Indenture, such Additional Bonds will be duly and validly issued and will constitute valid and binding special obligations of the City, (iii) the issuance of such Additional Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued, and (iv) if such Additional Bonds are to be Tax-Exempt Bonds, the interest on such Additional Bonds is excludable from gross income for federal income tax purposes;

(g) An order of the City directing the authentication and delivery of such Additional Bonds, describing the Additional Bonds to be authenticated and delivered, designating the purchasers to whom such Additional Bonds are to be delivered, stating the purchase price of such Additional Bonds and stating that all items required by this Section 2.07 are therewith delivered to the Trustee in form and substance satisfactory to the City;

(h) Monies or securities authorized for the investment of any reserve fund in an amount equal to the amount, if any, required to make the amount on deposit in such reserve fund equal the reserve requirement, if any, for such Additional Bonds;

(i) Value-to-Lien Ratio. The District Value shall be at least two (2) times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Additional Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes as evidenced by a certificate of the Administrator;

(j) Special Tax Coverage. The City shall obtain a certificate of a Tax Consultant to the effect that: (i) the amount of the maximum Special Taxes that may be levied in each Fiscal

Year shall be at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds and the proposed Additional Bonds, and (ii) based upon the Special Taxes that may be levied under the Rate and Method of Apportionment of the Special Taxes for the District at the time when there is no longer any Undeveloped Property (as defined in said Rate and Method of Apportionment) in the District and taking into account the status of the then Developed Property (as defined in said Rate and Method of Apportionment) in the District: (a) the estimated maximum Special Taxes that may then be levied in the District on the then existing Developed Property in each Fiscal Year are reasonably expected to exceed one hundred ten percent (110%) of the total Annual Debt Service for each Fiscal Year on the Bonds and the proposed Additional Bonds, and (b) the aggregate Special Tax Prepayments that could occur after the issuance of the Additional Bonds is not less than the Outstanding principal amount of the Bonds and such Additional Bonds;

(k) Evidence of the satisfaction of such other requirements as the City, its Financial Advisor and the Underwriters may require; and

Notwithstanding paragraphs (i) and (j) above, with the consent of 100% of the Bondowners, the City may issue Additional Bonds for any reason permitted by the Act and applicable tax law.

Additional Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a Series of Bonds from time to time as the City may direct in its orders.

The proposed issuance of any bonds subordinate to the Bonds shall not be subject to this Indenture.

Section 2.08. No Acceleration.

The principal of the Bonds shall not be subject to acceleration hereunder for any reason, including, without limitation, an Event of Taxability of any Tax-Exempt Bond. Nothing in this Section 2.08 shall in any way prohibit the prepayment or redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of this Indenture under Section 9.01 hereof.

Section 2.09. Execution and Authentication.

The Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signature of the Mayor, sealed with its corporate seal (or a facsimile thereof), attested by the manual or facsimile signature of the City Administrator. In case any officer whose manual or facsimile signature appears on the Bonds shall cease to be such officer before delivery of such Bonds, such signature, nevertheless, shall be valid and sufficient for all purposes as if he had remained in office until such delivery, and the City may adopt and use for the execution of Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute such Bonds, notwithstanding the fact that he may not have been such

officer on the date of such Bonds or that he may have ceased to be such officer at the time when such Bonds shall be actually authenticated and delivered.

No Bond shall be valid or obligatory for any purpose or entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication substantially in the form set forth in Appendix B attached to this Indenture and made a part hereof, duly executed by the Registrar, and such certificate of the Registrar upon any Bond executed on behalf of the City shall be conclusive evidence and the only evidence required that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Indenture. The certificate of the Registrar may be executed by any authorized signatory of the Registrar.

Section 2.10. Registration and Exchange of Bonds.

The Bonds shall be negotiable instruments for all purposes and shall be transferable by delivery, subject only to the provisions for registration and registration of transfer endorsed on the Bonds.

The City shall cause books for registration and the registration of transfer of Bonds to be prepared. The registration books shall be kept by the Registrar.

If any Bond is surrendered to the Registrar at the Principal Office for transfer or exchange in accordance with the provisions of such Bond, the City shall execute and authenticate and the Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same Series, in any authorized denominations, bearing interest at the same rate and having the same stated maturity date, in aggregate principal amount equal to the principal amount of the Bond so surrendered, upon reimbursement to the City or the Registrar of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

Neither the City nor the Registrar shall be required to register the transfer of any Bond or make any such exchange of any Bond during the fifteen (15) days preceding an interest payment date applicable to such Bond, during the fifteen (15) days preceding the date of mailing of any notice of redemption or after such Bond has been called for redemption.

Section 2.11. Temporary Bonds; Bonds Mutilated, Destroyed, Lost or Stolen.

The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Trustee or at such other location as the Trustee shall designate, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of

authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

If any temporary or definitive Bond shall become mutilated or be destroyed, lost or stolen, the City in its discretion may execute, and upon its request the Registrar shall authenticate and deliver, a new Bond in exchange for the mutilated Bond, or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the City and to the Registrar: (i) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof, and (ii) in the case of any destroyed, lost or stolen Bond, such security or indemnity as may be required by them to save each of them harmless from all risks, however remote. The Registrar may authenticate any Bond issued upon such exchange or substitution and deliver such Bond upon the request of the City. Upon the issuance of any Bond upon such exchange or substitution, the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees and expenses, of the City or the Registrar.

If any Bond that has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, instead of issuing a Bond in exchange or substitution therefor, the City may pay or authorize the payment of such Bond (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the City and to the Registrar evidence to the satisfaction of the City and to the Registrar of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof and, in the case of any destroyed, lost or stolen Bond, such security or indemnity as they may require to save them harmless.

Every Bond issued pursuant to the provisions of this Section 2.11 in exchange or substitution for any Bond that is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the City, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.12. Cancellation and Disposition of Bonds.

All mutilated Bonds, all Bonds surrendered for exchange or transfer, all Bonds that have been paid at maturity or upon prior redemption (including Bonds purchased in lieu of redemption) and all Bonds surrendered to the Trustee or the Registrar for cancellation or purchased by the Trustee shall be canceled by the Trustee or the Registrar (as the case may be) and cremated or destroyed by other means. Upon request, the Trustee or the Registrar (as the case may be) shall deliver to the City a certificate of any such cremation or other destruction of any Bond, identifying the Bond so canceled and cremated or otherwise destroyed.

Section 2.13. Book-Entry of Bonds.

(a) The Bonds initially shall be issued pursuant to a book-entry system administered by The Depository Trust Company, or any other securities depository for the Bonds appointed pursuant to this Section 2.13, or their successors (a "Securities Depository"), with no physical distribution of Bond certificates to be made except as provided in this Section 2.13. Any provision of this Indenture or the Bonds requiring physical delivery of the Bonds shall, with respect to any Bonds held under a book-entry system, be deemed to be satisfied by a notation on the registration books maintained by the Trustee that such Bonds are subject to a book-entry system.

So long as a book-entry system is being used, one Bond for each maturity of the Bonds, in the aggregate principal amount of such maturity and registered in the name of the Securities Depository or its nominee will be issued and required to be deposited with the Securities Depository. The book-entry system will be maintained by the Securities Depository and will evidence beneficial ownership of the Bonds in authorized denominations with transfers of ownership effected on the records of the Securities Depository pursuant to rules and procedures established by the Securities Depository.

(b) The principal of and interest on the Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Bonds, on each payment date as set forth in this Indenture and in the Bonds. Such payments shall be made by wire transfer in immediately available funds to the account specified by the Securities Depository to the Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the Trustee and the Securities Depository, with the consent of the City, may agree in writing to make payments of principal and interest in a manner different from that set out herein. In such event, the Trustee shall make payments with respect to the Bonds in such manner as if set forth herein. Neither the City nor the Trustee shall have any obligation with respect to the transfer or crediting of the appropriate principal and interest payments to or notices to the beneficial owners of the Bonds.

(c) So long as the book-entry system is in effect, the City and the Trustee will recognize the Securities Depository or its nominee as the holder of all of the Bonds for all purposes, including (without limitation) the payment of the principal of, and interest on, the Bonds, the giving of notices and any consent or direction required or permitted to be given to, or on behalf of, the holders of the Bonds under this Indenture.

(d) The City may, in its discretion, at any time, replace the Securities Depository as the depository for the Bonds with another qualified depository or discontinue the maintenance of the Bonds under a book-entry system upon thirty (30) days prior notice to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository). A copy of such notice shall be delivered promptly to the Trustee.

(e) If the City discontinues the maintenance of the Bonds under a book-entry system, the City will issue or cause to be issued Bonds directly to the Participants or, to the extent requested in writing by any Participant, to the beneficial owners of Bonds as further described in

this Section 2.13. The City shall make, or cause to be made, provisions to notify Participants and the beneficial owners of the Bonds, by mailing or causing to be mailed, an appropriate notice to the Securities Depository, or by other means deemed appropriate by the City in its discretion that bonds will be issued directly to the Participants or, to the extent requested in writing by any Participant, to the beneficial owners of Bonds, as of a date set forth in such notice, which shall be a date of at least ten (10) days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that Bonds are to be issued to Participants or to beneficial owners of the Bonds, the City shall promptly have prepared Bonds in certificated form registered in the names of such Participants as shown on the records of the Securities Depository provided to the Trustee, or, if requested in writing by any Participant, in the names of the beneficial owners of the Bonds, as shown on the records of such Participant provided to the Trustee as of the date set forth in the notice delivered in accordance with the immediately preceding paragraph. Such Bonds shall be substantially in the form of Exhibit A hereto or such other form as is provided by a Supplemental Trust Indenture.

If any Securities Depository is replaced as the depository for the Bonds with another qualified Securities Depository, the City will issue to the replacement Securities Depository Bonds substantially in the form set forth in Exhibit A, registered in the name of such replacement Securities Depository.

(f) The Securities Depository, the Participants and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that neither the City nor the Trustee shall have any liability for the failure of any Securities Depository to perform its obligations to the Participants or the beneficial owners of the Bonds, nor shall the City or the Trustee be liable for the failure of the Participants or other nominee of the beneficial owners to perform any obligation that the Participant or other nominee may incur to a beneficial owner of the Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Selection of Bonds to Be Redeemed.

If fewer than all of the Bonds of a Series of any one maturity shall be called for redemption, the Trustee shall select or cause to be selected the particular Bonds or portions of Bonds of such Series to be redeemed from such maturity by lot or in such other manner as the Trustee in its discretion may deem proper, provided that the portion of any Bond to be redeemed shall be in denominations of $1,000, or any integral multiple thereof, provided that no redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time, and, in selecting Bonds for redemption, each Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination then authorized for such Bond.

Section 3.02. Notice of Redemption.

The City shall give written notice to the Trustee of its election to redeem Bonds pursuant to Section 5(a) of such Bonds. Upon the transfer of any amount from the Improvement Fund to the Bond Fund, the City shall give notice to the Trustee of its election to redeem any Bonds to be redeemed from such amount pursuant to Section 5(c)(i) of such Bonds. Each such notice shall be given at least sixty (60) days prior to the redemption date of such Bonds, or such fewer number of days as shall be acceptable to the Trustee. Upon receipt of such notice, at least thirty (30) days prior to the date fixed for redemption of such Bonds, the Trustee shall give notice in the name of the City of the City's election to redeem such Bonds pursuant to Sections 5(a) or 5(c)(i) of such Bonds.

At least thirty (30) days before each date on which a Trustee shall effect a redemption of the Bonds pursuant to Section 5(c)(ii) of the Bonds, the Trustee shall select Bonds to be redeemed on such date and shall give notice in the name of the City of the redemption of such Bonds.

At least thirty (30) days before each date on which a Sinking Fund Installment for the Bonds becomes due, the Trustee shall select Bonds then subject to redemption from such Sinking Fund Installment to be redeemed on such date in an aggregate principal amount equal to such Sinking Fund Installment and shall give notice in the name of the City of the redemption of such Bonds.

The Trustee shall give additional notice of any redemption: (i) at least thirty (30) but not more than sixty (60) days prior to the date set for redemption to the Original Purchaser, and (ii) promptly to any registered Owner who has received notice of redemption but has failed to surrender its Bond for redemption within thirty (30) days after the date set for redemption. No such additional notice shall be a condition precedent to any redemption nor shall failure to mail or receive any such additional notice, or any defect in such additional notice affect the validity of the proceedings for redemption of such Bonds.

Each notice of redemption of Bonds shall be given in accordance with the terms of the Bonds and shall set forth: (i) the maturities of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the principal corporate trust office of the Trustee, (v) if fewer than all of the Bonds of a Series of any one maturity then Outstanding shall be called for redemption, the CUSIP numbers and Bond numbers of the Bonds to be redeemed, or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (vii) any conditions to such redemption and (viii) that on the redemption date, if all conditions, if any, to such redemption have been satisfied, there shall become due and payable upon all Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. If any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond to the Trustee at its principal corporate trust office, a new Bond or Bonds

of the same Series of Bonds and maturity, bearing interest at the same rate and of any authorized denomination will be issued in aggregate principal amount equal to the unredeemed portion of such Bond.

Each notice of redemption with respect to any Bond shall comply with any published and mandatory regulation or release of the Securities Exchange Commission, the Municipal Securities Rulemaking Board or other governmental board or body from time to time applicable to such Bond.

If notice of redemption shall have been given as provided in this Section 3.02 and all conditions, if any, to such redemption have been satisfied, then on or prior to the redemption date the City shall pay to the Trustee from the Special Tax Revenues an amount in cash that, in addition to other monies, if any, available therefor held by the Trustee, shall be sufficient to redeem at the Redemption Price thereof, plus accrued interest to the redemption date, all of the Bonds the City has so elected to redeem.

If at the time of mailing of notice of an optional redemption or purchase, the City shall not have deposited with the Trustee moneys sufficient to redeem or purchase all the Bonds called for redemption or purchase, such notice shall state that it is subject to the deposit of the redemption or purchase moneys with the Trustee, not later than the opening of business on the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited.

If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the redemption price and accrued interest on the Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and among different maturities of Bonds in the same manner as the initial selection of Bonds to be redeemed, and from and after such redemption date, interest on the Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Bonds not been called for redemption.

On the date designated for redemption, notice having been given as provided herein and any conditions to such redemption having been satisfied, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or such portions thereof on such date and, if monies for the payment of the redemption price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under this Indenture, and the registered owners thereof shall have no rights in respect of such Bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest thereon so held by the Trustee.

Section 3.03. Redemption of Portion of Bond.

In case part but not all of an Outstanding Bond shall be selected for redemption, upon the presentation and surrender of such Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Bond, the City shall execute and the Registrar shall authenticate and deliver to or upon the order of the registered owner of such Bond or his attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any authorized denomination, in aggregate principal amount equal to the unredeemed portion of such Bond.

Section 3.04. Redemption of Additional Bonds.

The provisions of this Article III with respect to Additional Bonds are subject in all respects to the provisions of the Supplemental Indenture authorizing the issuance thereof.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01. Deposits of Bond Proceeds.

The proceeds derived from the sale of the Series 2006 Bonds to the Original Purchaser thereof shall be paid to the Trustee and forthwith deposited by the Trustee as follows:

(i) to the Capitalized Interest Account of the Bond Fund $4,720,828.02;

(ii) to the Reserve Fund $3,386,843.36 (being an amount equal to the Reserve Requirement as of the Closing Date);

(iii) to the Costs of Issuance Fund $925,808.25;

(iv) to the Improvement Fund $26,483,033.90; and

(v) to the Administrative Expense Fund $198,065.77.

Section 4.02. Improvement Fund.

(a) There is hereby established as a separate fund to be held by the Trustee, the "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District) Improvement Fund," to the credit of which deposits shall be made as required by Section 4.01(iv) hereof, and deposits shall be made as provided in Sections 4.02(c) and (g) hereof. There is also created in the Improvement Fund, a separate account held by the Trustee, the New Project Fees Account, to the credit of which deposits shall be made as provided in Section 4.02(g) hereof. Monies in the Improvement Fund (exclusive of the New Project Fees Account thereof) shall be held in trust by the Trustee for the

benefit of the City and the Bondowners, and shall be disbursed as provided in paragraph (b) of this Section 4.02, solely for the payment of the costs of the Project or the reimbursement of costs of the Project.

All Grant Monies and other refunds and reimbursements for the Costs of the Facilities shall be deposited into the Improvement Fund.

(b) Disbursements from the Improvement Fund shall be made by the Trustee pursuant to, and within three (3) Business Days of receipt of, a Payment Request for a Developer Procured Facility or a City Procured Facility, which shall:

(i) set forth the amount required to be disbursed, the budget amount from which the disbursement is to be made, the purpose for which the disbursement is to be made (which, with respect to the Developer, shall be for the Actual Costs of a Developer Procured Facility or a City Procured Facility); and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Payment Request previously filed requesting a disbursement or if previously requested, no disbursement was made with respect thereto; and

(iii) certify that all conditions for the disbursement of monies as set forth in the Development Agreement have been satisfied.

(iv) If New Project Fees are to be disbursed from amounts deposited pursuant to Section 4.02(g) hereof, certify that either: (x) all proceeds of the Series 2006 Bonds have been disbursed for the Actual Costs of City Procured Facilities, or (y) the payment of the Actual Costs of all City Procured Facilities has been assured as provided in Section 5.04 of the Development Agreement.

(c) Monies in the Improvement Fund, including the New Project Fees Account thereof, shall be invested and deposited in accordance with Section 6.01 hereof. On the day prior to each Interest Payment Date and at any other time upon written request of the City, interest earnings and profits from such investment and deposit shall be deposited and credited by the Trustee to the Improvement Fund to be used for the purposes thereof.

(d) Intentionally omitted.

(e) If the Financial Officer determines in his sole discretion that amounts then on deposit in any account of the Improvement Fund are not expected to be expended for purposes of the Improvement Fund due to the abandonment, or constructive abandonment, of the Project, such that, in the opinion of the Financial Officer, it is unlikely that the amounts in the Improvement Fund will ever be expended for the purposes of such fund (including pursuant to right of the City to direct work on the Project after such abandonment or constructive abandonment), the Financial Officer shall file an Officer's Certificate with the Trustee to that effect and which identifies the amounts then on deposit in the Improvement Fund that are not

expected to be used for purposes of the Improvement Fund (including, but not limited to, any amounts due, but unpaid, under the Development Agreement, or for City costs incurred but not yet paid). The Trustee, upon receipt of such certificate, shall transfer the amounts identified therein from the Improvement Fund to the Bond Fund to be used: (i) to redeem the Series 2006 Bonds on the next Interest Payment Date for which notice of redemption can timely be given pursuant to Section 3.02 hereof if the amount so transferred is at least an Authorized Denomination, or (ii) if such amount is less than an Authorized Denomination, to pay debt service on the Series 2006 Bonds on the next Interest Payment Date. In making any determination pursuant to this Section 4.02(e), the Financial Officer may conclusively rely upon a certificate of an Independent Financial Consultant. Until a determination as set forth in this Section 4.02(e) is made, monies in the Improvement Fund shall be applied to the Project as provided herein and in the Development Agreement.

(f) Upon the filing of an Officer's Certificate stating that the Project has been completed, that all costs of the Project have been paid, or that any such costs are not required to be paid from the Improvement Fund, that all Grant Monies have been received and disbursed, and that all New Project Fees have been received and disbursed, the Trustee shall transfer the amount, if any, remaining in the accounts within the Improvement Fund to the Bond Fund for application to the payment of debt service on the Series 2006 Bonds in accordance with Section 4.05 hereof, and the Improvement Fund shall be closed.

(g) New Project Fees shall be deposited into the New Project Fees Account of the Improvement Fund and, at the direction of an Authorized Officer pursuant to a written request from the Developer, be either: (i) advanced pursuant to a Payment Request for costs of a Developer Procured Facility or a City Procured Facility, or (ii) transferred to the Bond Fund to pay the next applicable debt service on the Bonds.

Section 4.03. Costs of Issuance Fund.

(a) There is hereby established as a separate fund to be held by the Trustee, the "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District) Cost of Issuance Fund," to the credit of which a deposit shall be made as required by Section 4.01(iii) hereof. Monies in the Costs of Issuance Fund shall be held in trust by the Trustee and shall be disbursed as provided in paragraph (b) of this Section 4.03 for the payment or reimbursement of Costs of Issuance.

(b) Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the Financial Officer and delivered to the Trustee concurrently with the delivery of the Bonds. The Trustee shall pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount less than or equal to the amount set forth with respect to such payee pursuant to an Officer's Certificate requesting payment of Costs of Issuance. The Trustee shall maintain the Costs of Issuance Fund for a period of ninety (90) days from the date of delivery of the Bonds and then shall transfer any monies remaining therein, including any investment earnings thereon, to the Administrative Expense Fund.

(c) Monies in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 6.01 hereof. Interest earnings and profits resulting from said investment shall be retained by the Trustee in the Costs of Issuance Fund to be used for the purposes of such fund.

Section 4.04. Reserve Fund.

(a) There is hereby established as a separate fund to be held by the Trustee the "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District) Reserve Fund," to the credit of which a deposit shall be made as required by Section 4.01(ii) hereof equal to the Reserve Requirement as of the Closing Date for the Series 2006 Bonds, and deposits shall be made as provided in Sections 2.07 and 4.06(b) hereof. Monies in the Reserve Fund shall be held in trust by the Trustee for the benefit of the Holders of the 2006 Bonds as a reserve for the payment of principal of, and interest and any premium on, the 2006 Bonds and shall be subject to a lien in favor of the Holders of the 2006 Bonds.

(b) Except as otherwise provided in this Section 4.04, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of this Section 4.04, for the purpose of redeeming Bonds from the Bond Fund.

(c) Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the Financial Officer and the Administrator, specifying the amount withdrawn and the account from which the withdrawal was made.

(d) Whenever, on any Interest Payment Date, or on any other date at the request of the Financial Officer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Trustee shall provide written notice to the Financial Officer of the amount of the excess. Such excess shall be transferred to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.05 hereof, unless within thirty (30) days of such notice to the Financial Officer, the Trustee receives an Officer's Certificate instructing the Trustee to apply such excess from the Reserve Fund: (i) to pay amounts due under Section 5.11 hereof, (ii) to the Administrative Expense Fund in an amount not more than the Administrative Expenses due for the next ensuing year plus any Administrative Expenses then due and payable; or (iii) to the Improvement Fund if such application and the expenditure of such funds is expected to occur within three (3) years of the date hereof.

(e) Whenever the balance in the Reserve Fund (excluding the amount that can be realized under a Reserve Fund Credit Facility) equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date or other

permitted redemption date to the payment and redemption, in accordance with Section 5(a) of the Bonds, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose of the City, after consultation with Bond Counsel to assure that such use will not adversely affect the tax-exempt status of the interest payable on any Tax-Exempt Bonds.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.04(e) until after: (i) the calculation of any amount due to the federal government pursuant to Section 5.11 hereof following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Trustee.

(f) Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 5(c)(ii) of the Bond and Section 4.05(b)(3) hereof, a proportionate amount in the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Bond Fund to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Fund shall be equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Reserve Fund, as a percentage of the Outstanding Series 2006 Bonds prior to the redemption, and (ii) the amount actually in the Reserve Fund, as a percentage of the Outstanding Series 2006 Bonds prior to the redemption.

(g) Monies in the Reserve Fund shall be invested and deposited in accordance with Section 6.01 hereof. Interest earnings and profits resulting from said investment in excess of the Reserve Requirement shall be applied as provided in Section 4.04(d) hereof.

(h) In determining the value of the assets of the Reserve Fund, there shall be credited to the Reserve Fund the amount that can be realized by the Trustee under any letter of credit, insurance policy, guaranty, surety bond or other similar facility (a "Reserve Fund Credit Facility") delivered to the Trustee by the Developer with the consent of the City or by the City, if each of the following conditions is met: (i) on the date of delivery of such Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest rating categories of at least one of Fitch, Moody's or S&P; (ii) such Reserve Fund Credit Facility requires that the issuer thereof provide written notice to the Trustee of any downgrade in any rating of such issuer if the result of such downgrade would cause such rating to fall below the requirements set forth in clause (i) above and, as of the date of valuation, the Trustee has not received such notice; (iii) such Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any excess) from the Reserve Fund in accordance with this Indenture; (iv) such Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder (A) thirty (30) days prior to the expiration thereof, if no replacement Reserve Fund Credit Facility is delivered to the Trustee prior to such expiration date, unless the expiration date of such Reserve Fund Credit Facility is after the maturity date of the Bonds secured thereby, and (B) upon any downgrade in any rating of the issuer thereof if such downgrade would cause such rating to fall below the requirements set forth in clause (i) above; and (v) on the date of delivery

of such Reserve Fund Credit Facility to the Trustee, there has been delivered to the City and the Trustee an opinion of Bond Counsel that use of such Reserve Fund Credit Facility will not adversely affect the tax exempt status of interest on the Tax-Exempt Bonds to be secured thereby.

In the event that upon the occurrence of any deficiency in the Bond Fund, the Reserve Fund is then funded with a Reserve Fund Credit Facility, the Trustee shall, on an Interest Payment Date, or a date on which a payment of principal of the Bonds is to be made, or mandatory redemption date to which such deficiency relates, draw upon the Reserve Fund Credit Facility or cause to be paid under the Reserve Fund Credit Facility an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Reserve Fund Credit Facility, and any corresponding reimbursement or other agreement governing the Reserve Fund Credit Facility; provided, however, that if at the time of such deficiency the Reserve Fund is only partially funded with a Reserve Fund Credit Facility, prior to drawing on the Reserve Fund Credit Facility, the Trustee shall first apply any cash and securities on deposit in the Reserve Fund to remedy the deficiency, and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Reserve Fund Credit Facility, as provided in this sentence. Any amounts drawn under a Reserve Fund Credit Facility shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Reserve Fund Credit Facility. If any such Reserve Fund Credit Facility is substituted for moneys on deposit in the Reserve Fund, the excess moneys in the Reserve Fund shall be transferred to and deposited at the written direction of the Authorized Officer: (i) to the Improvement Fund if the expenditure of such excess is expected to occur within three (3) years of the date hereof, or (ii) to the Bond Fund if the expenditure of such excess is not expected to occur within three (3) years of the date hereof or if the Project is completed. If a disbursement is made from a Reserve Fund Credit Facility, the Developer shall be obligated to either reinstate the maximum limits of such Reserve Fund Credit Facility immediately following such disbursement or to deposit into the Reserve Fund, as provided in this Indenture for restoration of withdrawals from the Reserve Fund, funds in the amount of the disbursement made under such Reserve Fund Credit Facility.

Section 4.05. Bond Fund.

(a) There is hereby established as a separate fund to be held by the Trustee the "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District) Bond Fund", to the credit of which deposits shall be made as required by Sections 4.02(e), 4.02(f), 4.02(h), 4.04(b), 4.04(d), 4.04(f), 4.04(g) and 4.06(b) hereof, and any other amounts required to be deposited therein by this Indenture or the Act. There is also hereby created in the Bond Fund, a separate account held by the Trustee, the Capitalized Interest Account, to the credit of which deposits shall be made under Section 4.01(i) hereof. There is also hereby created in the Bond Fund, a separate account held by the Trustee, the Special Tax Prepayments Account, to the credit of which deposits shall be made as provided in Section 4.06(a) hereof.

Monies in the Bond Fund and the accounts therein shall be held in trust by the Trustee for the benefit of the Holders of the Bonds, shall be disbursed for the payment of the principal of and

interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Holders of the Bonds.

(b) (1) On each Interest Payment Date, the Trustee shall withdraw from the Bond Fund and pay to the Holders of the Bonds the principal, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the Sinking Fund Installments set forth in Section 2.04 hereof or a redemption of the Bonds required by Section 5 of the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account, such payments to be made in the priority listed in the second succeeding paragraph. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer pursuant to Section 4.02(f) (Project completion) hereof shall be used, at the option of an Authorized Officer, either to redeem Bonds or to pay the principal of and interest on the Bonds prior to the use of any other amounts in the Bond Fund for such purpose.

In the event that amounts in the Bond Fund are insufficient for the purposes set forth in the preceding paragraph, the Trustee shall withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the first paragraph of this Section 4.05(b)(1), the Trustee shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of Sinking Fund Installments, and then to payment of principal due on the Bonds by reason of Sinking Fund Installments. Any Sinking Fund Installment not made as scheduled shall be added to the Sinking Fund Installment to be made on the next Sinking Fund Installment payment date.

(2) Monies in the Capitalized Interest Account shall be used exclusively for the payment of interest on the Bonds during the Capitalized Interest Period on the following dates and in the following amounts:

Date	Amount
January 1, 2007	$549,188.75
July 1, 2007	$998,525.00
January 1, 2008	$998,525.00
July 1, 2008	$998,525.00
January 1, 2009	$998,525.00
July 1, 2009	$998,525.00

Monies in the Capitalized Interest Account shall be applied to payment of interest by the Trustee without further instruction from the City. When no amounts remain on deposit in such account, the Capitalized Interest Account shall be closed.

(3) Upon receipt of instructions from an Authorized Officer, monies in the Special Tax Prepayments Account shall be transferred by the Trustee to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under Section 3.02 hereof and shall be used (together with any amounts transferred pursuant to Section 4.04(f) hereof) for the payment of principal or interest on the Bonds or to the redemption of Bonds.

(c) At the direction of the City, the Trustee shall endeavor to purchase Bonds at the most advantageous prices obtainable with reasonable diligence from available monies on deposit to the Bond Fund, but no such purchase shall be made by the Trustee: (i) within the period of thirty (30) days immediately preceding any Interest Payment Date on which such Bonds are subject to call for redemption, or (ii) at a price, including any brokerage or other charges, greater than the par amount of such Bonds on the next Interest Payment Date at which such Bonds are subject to redemption and accrued interest to the date of the purchase of the Bonds.

(d) Monies in the Bond Fund, the Capitalized Interest Account and the Special Tax Prepayments Account shall be invested and deposited in accordance with Section 6.01 hereof. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund, the Capitalized Interest Account and the Special Tax Prepayments Account shall be retained in the Bond Fund, the Capitalized Interest Account and the Special Tax Prepayments Account, respectively, to be used for purposes of such fund and accounts.

Section 4.06. Special Tax Fund.

(a) There is hereby established as a separate fund to be held by the Trustee, the "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District) Special Tax Fund," to the credit of which the City shall deposit, as soon as practicable following receipt, all Special Tax Revenues received by the City provided that any proceeds of Special Tax Prepayments shall be transferred by the City to the Trustee for deposit by the Trustee (as specified in writing by the Financial Officer to the Trustee) in the Special Tax Prepayments Account of the Bond Fund established pursuant to Section 4.05(a) hereof. Monies in the Special Tax Fund shall be held in trust by the Trustee for the benefit of the Holders of the Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Holders of the Bonds.

(b) From time to time as needed to pay the obligations relating to the District, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority: (i) to the Administrative Expense Fund an amount, taking into account any amounts then on deposit in the Administrative Expense Fund, equal to the Administrative Expenses due for the next ensuing year plus any Administrative Expenses then due and payable; (ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Capitalized Interest Account, the Improvement Fund, the Reserve Fund and the Special Tax Prepayments Account to the Bond Fund pursuant to Sections 4.02(e) and (f), 4.04(d), (f) and (g), and 4.05(b)(2) and (3) hereof, such that the amount in the Bond Fund equals the principal (including any Sinking Fund Installment), premium, if any, and interest due on the Bonds on the next Interest Payment Date, and (iii) to the Reserve Fund an amount, taking into

account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement.

In any Bond Year, to the extent that the transfers required by clause (i) of the preceding sentence have been made with respect to the January 1 occurring in such Bond Year and the July 1 immediately following such Bond Year, and the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement, all other amounts then on deposit in, or deposited to, the Special Tax Fund in such Bond Year shall, at the direction of the Financial Officer, be: (i) transferred to the Bond Fund to be used for the payment of principal or interest on the Bonds when due; (ii) retained in the Special Tax Fund; (iii) transferred to any other fund or funds created under any other indenture to be used for the payment of principal or interest on any subordinate bonds issued in connection with the Project; or (iv) applied by the City for any other legal purpose.

(c) Monies in the Special Tax Fund shall be invested and deposited in accordance with Section 6.01 hereof. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

Section 4.07. Administrative Expense Fund.

(a) There is hereby established as a separate fund to be held by the Trustee, the "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District) Administrative Expense Fund" to the credit of which deposits shall be made as required by Sections 4.01(v), 4.03(b), 4.04(d) and 4.06(b) hereof. Monies in the Administrative Expense Fund shall be held in trust by the Trustee for the benefit of the City, and shall be disbursed as provided below.

(b) Amounts in the Administrative Expense Fund shall be withdrawn by the Trustee and paid to the City or its order upon receipt of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or Costs of Issuance, and the nature of such Administrative Expense or Costs of Issuance. Amounts initially deposited to the Administrative Expense Fund pursuant to Section 4.01(vi) hereof and amounts transferred from the Costs of Issuance Fund to the Administrative Expense Fund pursuant to Section 4.03(b) hereof shall be separately identified at all times, and shall be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to Section 4.06(b) hereof.

(c) Monies in the Administrative Expense Fund shall be invested and deposited in accordance with Section 6.01 hereof. Interest earnings and profits resulting from said investment shall be retained by the Financial Officer in the Administrative Expense Fund to be used for the purposes thereof

Section 4.08. Rebate Fund.

There is hereby established a separate fund to be held by the Trustee, the "Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick

Crossing Special Taxing District) Rebate Fund." Funds held under this Indenture shall be deposited to and withdrawn from the Rebate Fund in accordance with the provisions of Section 5.11 hereof.

ARTICLE V

OTHER COVENANTS OF THE CITY

Section 5.01. Punctual Payment.

The City will punctually pay or cause to be paid, solely from Special Tax Revenues, the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Indenture and any Supplemental Indenture, and it will faithfully observe and perform all of the conditions covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds.

Section 5.02. Special Obligation.

The Bonds are special obligations of the City and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund, the Reserve Fund, the Special Tax Fund and the Improvement Fund (exclusive of the New Project Fees Account thereof) created hereunder and may not constitute a general obligation debt of the City or pledge of the City's full faith and credit or taxing power.

Section 5.03. Extension of Time for Payment.

In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. Against Encumbrances.

So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds secured by any pledge of or other lien or charge on the Special Tax Revenues or other property pledged under this Indenture, except the pledge created for the security of the Bonds and except as otherwise provided herein; provided that bonds, notes or other evidences of indebtedness secured by a subordinate pledge of, or other subordinate lien or subordinate charge on, the Special Tax Revenues or other property pledged under this Indenture shall be permitted, and any funds and accounts established hereunder and not pledged to the repayment of Bonds may be used in conjunction with such subordinate bonds.

Section 5.05. Books and Records.

The City will keep, or cause to be kept, proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund and to the Special Tax Revenues. Such books of record and accounts shall be subject to the inspection of the Trustee and duly authorized representatives of Holders of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 5.06. Protection of Security and Rights of Holders.

To the extent Special Tax Revenues are received by the City, the City will preserve and protect the security of the Bonds and the rights of the Holders, and warrant and defend their rights against all claims and demands of all persons.

Section 5.07. Compliance with Law.

The City will comply with all provisions of the Act and law applicable to the City with regard to the construction and acquisition of the Project.

Section 5.08. Collection of Special Tax Revenues.

The City shall comply with all requirements of the Act and other applicable law so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or within ten (10) Business Days of each February 1, the Trustee shall provide the Financial Officer and the Tax Consultant with a notice stating the amount then on deposit in the Special Tax Fund, the Bond Fund, the Capitalized Interest Account and the Reserve Fund, and informing the City that the Special Taxes may need to be levied pursuant to the Ordinance, including the Rate and Method of Apportionment of Special Taxes to provide for Annual Debt Service and Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balances therein, equal the Reserve Requirement. The receipt of or failure to receive such notice by the Tax Consultant or the Financial Officer shall in no way affect the obligations of the Tax Consultant or the Financial Officer or the City under the following two paragraphs.

Upon receipt of such notice, the Tax Consultant shall ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current Fiscal Year.

The Tax Consultant shall fix the amount of Special Taxes within the District required for the payment of principal of and interest on any Outstanding Bonds of the District becoming due and payable during the ensuing Fiscal Year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under Section 5.11 hereof) during such Fiscal Year, taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Ordinance and the Rate and Method of Apportionment of Special Taxes. No later than April 1, the Tax Consultant shall send written notification to the City of any Special Tax to be levied for the ensuing Fiscal Year.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general ad valorem taxes on real property are payable, and have the same priority, become delinquent at the same time and bear the same penalties and interest after delinquency as do the general ad valorem taxes on real property.

Section 5.09. Covenant to Take to Tax Sale.

Pursuant to the Act, the City hereby covenants with and for the benefit of the Holders of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to collection (unless such delinquency is theretofore brought current), of any Special Tax or installment thereof not paid when due as provided in the following paragraphs of this Section 5.09. The Financial Officer shall commence, or cause the County to commence, such proceedings.

(a) On or before February 1 of each year, the Tax Consultant will send delinquent Special Tax bills to property owners (including the Developer with respect to any Undeveloped Property) in the District with unpaid Special Taxes.

(b) If on March 1, of any year any such Special Taxes remain unpaid, the Tax Consultant shall send to the Financial Officer or his designee, and the County Treasurer and the Director of Finance, a list of all unpaid and delinquent Special Taxes, identifying such delinquencies, by the assigned 8-digit account number, premise address and/or property owner's name and setting the amount of Special Taxes due, including late charges.

(c) The County, on behalf of the City, during April of each year shall advertise or cause to be advertised the affected properties within the District for tax sale in accordance with State and City law.

(d) On the 2nd Monday in May of each year or such other date as allowed by law, all District properties with delinquent Special Taxes tax accounts will be offered for sale at tax sale.

(e) By June 15 of each year, the Financial Officer will deliver or cause the County to deliver to the Trustee all Special Taxes collected at tax sale. In addition, the Financial Officer shall give or cause the County to give written notice to the Tax Consultant of any District

properties for which no bids were received or on which the tax sale process was stopped by a bankruptcy stay.

(f) In the event of a redemption of an District property after June 30 of any year, the Financial Officer shall deliver or cause the County to deliver to the Trustee the delinquent Special Taxes collected by or on behalf of the City in connection with such redemption not later than the last day of the month immediately succeeding the month in which the redemption occurs.

(g) In the event that a property sold to the City or the County is not redeemed, the Financial Officer will give written notice to the Tax Consultant when the City or the County forecloses and takes title to the property and indicate in such notice that the City or the County will continue to make the property available for sale, subject, however, to the City and County laws relating to the disposition of City and County property. Following receipt of such notice, the Tax Consultant shall make adjustments to its books and records as necessary.

Section 5.10. Further Assurances; No Acceleration.

The City will adopt, make, execute and deliver any and all such further ordinances, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Holders of the rights and benefits provided in this Indenture.

The principal of the Bonds shall not be subject to acceleration hereunder.

Section 5.11. Bonds Not to Be Arbitrage Bonds; Rebate Fund.

The Mayor and the Financial Officer shall be officials of the City responsible for issuing the Bonds (the `"Section 148 Certifying Officials"). The Section 148 Certifying Officials shall execute and deliver (on the date of each issuance of Tax-Exempt Bonds) a Certificate of the City (each such Certificate, as it may be amended and supplemented from time to time in accordance with this Section 5.11, being referred to herein as a "Section 148 Certificate") that complies with the requirements of Section 148 of the Code or any successor to such section in effect on the date of issuance of such Bonds ("Section 148"). The City shall set forth in such Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Bonds, or of any monies, securities or other obligations that may be deemed to be proceeds of such Bonds within the meaning of Section 148 (collectively, "Bond Proceeds").

The City covenants that: (i) the facts, estimates and circumstances set forth in each Section 148 Certificate will be based on the City's reasonable expectations on the date of delivery of such Section 148 Certificate and will be, to the best of the Section 148 Certifying Officials' knowledge, true, correct and complete as of that date, and (ii) the Section 148 Certifying Officials will make reasonable inquiries to ensure such truth, correctness and completeness.

The City further covenants that it will not make, or (to the extent it exercises control or direction) permit any other person to make, any use of the Bond Proceeds that would cause any Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148. The City further covenants that it will comply with those provisions of Section 148 that are applicable to any Tax-Exempt Bonds on the date of issuance of such Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Bonds. To the extent that provisions of Section 148 apply only to a portion of any Tax-Exempt Bonds, it is intended that the covenants of the City contained in this Section 5.11 be construed so as to require the City to comply with Section 148 only to the extent of such applicability.

The City shall: (i) hold and invest Bond Proceeds within its control (if such proceeds are invested), and (ii) direct the Trustee to transfer amounts on deposit in any fund or account created by this Indenture to the Rebate Fund for the payment of rebates or payments in lieu thereof to the United States of America, all in accordance with the expectations of the City set forth in the Section 148 Certificate.

The City shall make timely payment, but only from the Special Tax Revenues or funds held under this Indenture, of any rebate amount or payment in lieu thereof (or installment of either) required to be paid to the United States of America in order to preserve the excludability from gross income, for federal income tax purposes, of interest paid on the Tax-Exempt Bonds and shall include with any such payment such other documents, certificates or statements as shall be required to be included therewith under then-applicable law and regulations.

Upon the written direction of the City, the Trustee shall transfer amounts on deposit in any fund or account created by this Indenture to the Rebate Fund, any other provision of this Indenture to the contrary notwithstanding. Amounts on deposit in the Rebate Fund from time to time required to be paid to the United States of America pursuant to Section 148 as a rebate or payment in lieu thereof shall be made available by the Trustee to the City for such payments upon the written direction of the City. Upon the written direction of the City, the Trustee shall transfer amounts on deposit in the Rebate Fund to any fund or account created by this Indenture; provided, however, that the amount set forth by the City in such written direction to be transferred shall not exceed the excess of the amount on deposit in the Rebate Fund over the rebate liability as of the date of calculation, less amounts theretofore paid to the United States as rebate with respect to the Bonds.

The Section 148 Certifying Officials may execute an amendment or supplement to any Section 148 Certificate upon delivery to the Trustee of evidence of approval of Bond Counsel with respect to the actions to be taken by the City in accordance with such amendment or supplement.

Neither the City nor the Trustee shall incur any liability in connection with any action as contemplated herein so long as the City and the Trustee act in good faith.

The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 5.12. Maintenance of Tax-Exemption.

To the extent permitted by law, the City shall take all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Section 5.13. Continuing Disclosure Undertaking.

Based upon the fact that the Bonds are being initially issued in minimum denominations of $100,000 and that the Underwriters have advised the City of their intention (as further described in the Limited Offering Memorandum dated September 14, 2006 relating to the Bonds) to offer the Bonds to thirty-five (35) or fewer sophisticated investors, giving rise to an exception to Rule 15c2-12 promulgated by the Securities Exchange Commission, the City is not obligated to provide continuing disclosure pursuant to Rule 15c2-12. Notwithstanding this exception, the City has contractually agreed to provide continuing disclosure pursuant to the Continuing Disclosure Agreement.

Section 5.14. Covenants Regarding Development Agreement.

The City covenants that it will enforce its rights under the Development Agreement as necessary or appropriate to facilitate its collection of Special Tax Revenues and the satisfaction of its obligations under this Indenture and the Bonds. The City further covenants not to agree to amend the Development Agreement if such amendment would materially impair the development of the Development as described in the Limited Offering Memorandum without the prior written consent of the Bondowners of not less than a majority in aggregate principal amount of Bonds then Outstanding. The City shall send notice of any such amendment to the Bondowners. Bondowners shall have thirty (30) days to object to such amendment and if no objection is received, Bondowners shall be deemed to have consented to such amendment. The City agrees as soon as practicable to provide the Trustee with written notice of any material enforcement action it may bring with respect to its rights under the Development Agreement or any amendment of the Development Agreement.

ARTICLE VI

INVESTMENTS, DISPOSITION OF INVESTMENT PROCEEDS, LIABILITY OF THE CITY

Section 6.01. Deposit and Investment of Monies in Funds.

(a) Subject to the provisions of paragraph (h) and except as provided in paragraphs (b) and (c) below, monies in any fund or account created or established by this Indenture and held by the Trustee shall be invested by the Trustee in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Trustee shall invest any such monies in Permitted Investments described in clause (g) of the definition thereof or in Federal Securities (or money market funds invested in Federal Securities) which by their terms mature prior to the date on which such monies are required to be paid out hereunder.

(b) Subject to paragraph (h), monies held by the Trustee in the Bond Fund, shall be invested in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Trustee shall invest any such monies in Federal Securities described in clause (i) of the definition thereof which by their terms mature prior to the date on which such monies are required to be paid out hereunder

(c) Subject to paragraph (h), monies in any fund or account created or established by this Indenture and held by the Trustee shall be invested by the Trustee in any Permitted Investments, which in any event by their terms mature prior to the date on which such monies are required to be paid out hereunder; provided that amounts on deposit in the Administrative Expense Fund may be invested in any lawful investment the City may make.

(d) Obligations purchased as an investment of monies in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Indenture any monies are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments.

(e) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section 6.01. The Trustee shall not be required to determine the legality of any investments.

(f) Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times

account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Indenture.

(g) The Trustee will furnish the City and the Tax Consultant periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

(h) Monies in any fund or account created or established by this Indenture and held by the Trustee, shall be invested as directed by the City in accordance with the requirements of Section 5.11 hereof. Notwithstanding paragraphs (a), (b) and (c) above, the investment of monies in any fund or account created or established pursuant to this Indenture shall be further limited by any provision of law limiting or prescribing the manner of investment of such monies that may be applicable from time to time. On the date of the execution and delivery of this Indenture, the investment of such monies is further limited or prescribed by the provisions of Section (g)(4) of the Act and the City's investment policies as are in effect from time to time.

Section 6.02. Liability of City.

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City, including the Financial Officer, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City, including the Financial Officer, shall not be liable for any error of judgment made in good faith.

No provision of this Indenture shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers.

The City and the Financial Officer may rely and shall be protected in acting or refraining from acting upon any notice, ordinance, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The City shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under this Indenture the City or the Financial Officer shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an Appraiser or a Tax Consultant, and such certificate shall be full warrant to the City and the Financial Officer for any action taken or suffered under the provisions of this Indenture or any Supplemental Indenture upon the faith thereof, but in its discretion the City or the Financial Officer may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.03. Employment of Agents by City.

In order to perform its duties and obligations hereunder, the City and/or the Financial Officer may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Section 6.04. Limited Obligation.

The City's obligations under this Indenture are limited obligations of the City and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Special Tax Fund, the Bond Fund, the Reserve Fund and the Improvement Fund (exclusive of the New Project Fees Account thereof) created under this Indenture.

ARTICLE VII

THE TRUSTEE

Section 7.01 Appointment of the Trustee: Registrar; Acceptance of Trustee.

Manufacturers and Traders Trust Company, a banking corporation organized and existing under the laws the State of New York, having a corporate trust office in Baltimore, Maryland, is hereby appointed Trustee for the Bonds. The Trustee shall also be the Registrar and paying agent for the Bonds, except as otherwise provided in any Supplemental Indenture authorizing the issuance of any Additional Bonds with respect to such Bonds. The Trustee shall signify its acceptance executing and delivering this Indenture or by written notice delivered to the City and upon execution and delivery of this Indenture or delivery of such notice the Trustee shall be deemed to have accepted the trusts and the duties of Trustee under this Indenture. The Trustee's acceptance of the trusts and the duties of Trustee also shall constitute acceptance of the trusts and the duties of Registrar and paying agent.

Section 7.02. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the City shall reimburse the Trustee from the Special Tax Revenues for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the City shall fail to make such reimbursement, the Trustee may reimburse itself from any monies in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 7.03. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any monies paid to the City or others in accordance with this Indenture, except as to the application of any monies paid to it in its capacity as Trustee. The Trustee shall have no responsibility or duty with respect to any calculation of arbitrage or rebate under the Code.

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct.

Section 7.04. Property Held in Trust.

All monies and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 7.05. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any agreement, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel or the City Attorney, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a Certificate of the City, unless other evidence in respect thereof be hereby specifically prescribed. Such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by an Authorized Officer.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any person of notice of the provisions hereof except as expressly required in Section 7.13 hereof.

Section 7.06. Compensation.

Unless otherwise provided by contract with the Trustee, the City shall pay to the Trustee from the Special Tax Revenues, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Registrar and paying agent, together with all its reasonable expenses, charges and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to a limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. The City, from the Special Tax Revenues, shall indemnify and save the Trustee harmless against any expenses and liabilities that the Trustee may incur in the exercise and performance of its powers and duties hereunder that are not due to its negligence or willful misconduct. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if

in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section 7.06, the Trustee may make such payment from any monies in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The provisions of this Section 7.06 shall survive termination of this Indenture.

Section 7.07. Permitted Acts.

The Trustee and its directors, officers, employees or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any holder of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority of the Bonds.

Section 7.08. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (30) days' notice, specifying the date when such resignation shall take effect, to the City and each Holder of any outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 7.10 hereof and the acceptance of such appointment by such successor.

Section 7.09. Removal of Trustee.

The Trustee may be removed at any time by: (i) the holders of at least a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such holders or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Facsimile copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Holders of not less than ten percent (10%) of the Bonds.

Section 7.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Holders of at least twenty-five percent (25%) of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor Trustee shall have been appointed by the Holders of the Bonds, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed and the predecessor Trustee. The City shall mail notice of any such appointment to each Holder of any Outstanding Bonds within thirty (30) days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Holders of Bonds.

If in a proper case no appointment of a successor Trustee shall be made within forty-five (45) days after the giving by any Trustee of any notice of resignation in accordance with Section 7.08 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the provisions of this Section 7.10 shall be a commercial bank or trust company or national banking association: (i) having a capital and surplus and undivided profits aggregating at least $100,000,000 if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Section 7.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 7.10 hereof shall execute, acknowledge and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, immunities, powers, duties, obligations and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers and trusts of such Trustee and all the right, title and interest of such Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to such successor any monies or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such monies, estates, properties, rights, powers, duties or

obligations, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the City.

Section 7.12. Merger, Conversion or Consolidation of Trustee.

Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such company shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 7.10 hereof, or a trust company which is a wholly-owned subsidiary of any of the foregoing.

Section 7.13. Trustee To File Continuation Statements.

The Trustee shall file or cause to be filed, at the expense of the City but solely from the Special Tax Revenues, such continuation statements as may be required by the Maryland Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture and at the time, place and manner required by the UCC.

Section 7.14 Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Holders of the Bonds.

Section 7.15. Information.

The Trustee shall provide to the City, the Bondowners, or their designees, such information relating to the Bonds and the funds and accounts maintained by the Trustee under this Indenture as the City, the Bondowners or their designees shall reasonably request, including but not limited to monthly statements reporting funds held and transactions by the Trustee. The Trustee shall also provide to: (i) the Original Purchaser, (ii) each Bondowner owning not less than $1,000,000 in par amount of the Bonds Outstanding, and (iii) each other Bondowner upon written request the following:

(A) Copies of the monthly statements described above;

(B) Copies of all notices or reports given to the City by the Trustee under this Indenture;

(C) Copies of all notices given by the Trustee to, or requests for consent requested by the Trustee from, the Bondowners;

(D) Notices or reports given by the City to the Trustee pursuant to this Indenture;

(E) Any report, notice or communication given by the Developer to the Trustee pursuant to the Development Agreement or this Indenture; and

(F) Any notice required to be given to the Beneficial Owners under this Indenture.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01. Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Holders of the Bonds may be modified or amended at any time by a Supplemental Indenture pursuant to the affirmative vote at a meeting of Holders, or with the written consent without a meeting, of the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04 hereof. No such modification or amendment shall: (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Holder of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of Maryland or this Indenture), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

This Indenture and the rights and obligations of the City and of the Holders may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Holders, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any outstanding series of Bonds of the City in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or

desirable and not inconsistent with this Indenture, and which shall not adversely affect the rights of the Holders of the Bonds;

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds;

(v) in connection with the issuance of Additional Bonds under and pursuant to Section 2.07 hereof;

(vi) to add additional real property to the District; and

(vii) to permit Bond proceeds to be applied for any additional uses permitted by the Act.

Prior to the Trustee's execution of any Supplemental Indenture, the Trustee shall be entitled to request and receive an opinion that Trustee is authorized to execute such Supplemental Indenture.

Section 8.02. Holders' Meetings.

The City may at any time call a meeting of the Holders. In such event, the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Holders.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture or any Supplemental Indenture to the extent that such amendment is permitted by Section 8.01 hereof, to take effect when and as provided in this Section 8.03. A copy of such Supplemental Indenture, together with a request to Holders for their consent thereto, shall be mailed by first class mail, by the Trustee to each Holder of Bonds Outstanding, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section 8.03 provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04 hereof) and a notice shall have been mailed as hereinafter in this Section 8.03 provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder (whether or not such subsequent Holder has notice thereof), unless such consent is revoked in writing by the Holder giving such consent or a subsequent Holder by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section 8.03 provided for has been mailed.

After the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Holders in the manner hereinbefore provided in this Section 8.03 for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Holders of the required percentage of Bonds and will be effective as provided in this Section 8.03 (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 8.03 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Holders of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 8.04. Disqualified Bonds.

Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

Section 8.05. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Indenture of the City and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Holders' action, shall be prepared, executed and delivered. In that case, upon demand of the Holder of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Trustee without cost to any Holder, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds.

The provisions of this Article VIII shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance.

(a) If the City shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds at the times and in the manner stipulated therein, in this Indenture and in any Supplemental Indenture authorizing or approving the issuance of any Additional Bonds, and provided that all monies due and owing to the Trustee for performance of its duties hereunder have been paid, then the pledge of any Special Tax Revenues and other property hereby pledged to the Bonds and all other rights granted hereby to the Bonds shall be discharged and satisfied. In such event, upon the request of the City, the Trustee shall: (i) execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, (ii) pay or deliver to the City, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to this Indenture (other than any monies and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption), and (iii) file a notice of lien release in the appropriate land records.

(b) A Series 2006 Bond and any Additional Bond, except as otherwise provided in the Supplemental Indenture authorizing the issuance thereof, shall be deemed to have been paid within the meaning of and with the effect expressed in this Section 9.01 if: (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the City of monies for such payment or redemption or otherwise, regardless of the source of such monies), whether at or prior to the maturity or the redemption date of such Bond, or (ii) if the maturity or redemption date of such Bond shall not have arrived: (A) provision shall have been made by the City for the payment of the principal or Redemption Price of and interest on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of monies or Federal Securities described in paragraph (i) of the definition thereof, the principal of and the interest on which when due will provide for such payment, and the City shall have made provision satisfactory to the Trustee for the mailing of a notice to the Holder of such Bond that such monies are so available for such payment, and (B) if such Bond is to be redeemed prior to the maturity thereof, the City shall have taken all action necessary to redeem such Bond and notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been made for the giving of such notice. The Trustee may rely upon a verification report by an Independent Public Accountant as to the sufficiency of the deposit (or other method) under clause (A) above to provide for the payment described therein.

(c) Anything in this Indenture to the contrary notwithstanding, at the request of the City, any monies held by the Trustee in trust for the payment of any of the Bonds which remain

unclaimed for four years after the later of the date at which such Bonds became due and payable and the date of deposit of such monies shall be repaid by the Trustee to the City, or to such officer, board or body as may then be entitled by law to receive such monies, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto; provided, however, that before being required to make any such payment to the City, the Trustee may, at the expense of the City, cause to be published in a newspaper or financial journal of general circulation in the City of Baltimore, Maryland and a newspaper or financial journal of general circulation in the City of New York, New York, a notice that such monies remain unclaimed and that, after a date named in such notice, which date shall be not fewer than forty (40) days after the date of publication of such notice, the balance of such monies shall be returned to the City.

(d) Additional Bonds shall be deemed to have been paid within the meaning of and with the effect expressed in this Section 9.01 if such Bonds are deemed to be paid in accordance with the provisions of the Supplemental Indenture authorizing or approving the issuance thereof.

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any person other than the City, the Trustee and the Holders, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Holders and the Trustee.

Section 10.02. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.03. Execution of Documents and Proof of Holdership by Holders.

Any request, declaration or other instrument which this Indenture may require or permit to be executed by Holders may be in one or more instruments of similar tenor, and shall be executed by Holders in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Holder or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to

act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 10.04. Waiver of Personal Liability.

No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; provided, however, that nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.05. Notices to and Demands on City and Trustee.

Except as otherwise provided in this Indenture, all notices, demands, requests, consents, approvals, directions, certificates or other communications required under this Indenture to be in writing shall be sufficiently given and shall be deemed to have been properly given or delivered: (i) three days after the same is mailed by certified mail, postage prepaid, return receipt requested, (ii) by facsimile transmission with telephonic confirmation of receipt (at which point it shall be deemed received), (iii) by overnight delivery service which provides for a record of delivery (receipt to be evidenced by the records of such delivery service), or (iv) by hand-delivery with a written receipt (receipt to be evidenced by execution of written receipt), in each case, addressed to the person to whom any such notice, demand, request, approval, certificate or other communication is to be given, at the appropriate address for such person designated below. Any notice to or demand hereunder may be made, and shall be deemed to have been sufficiently given, if served or presented at or sent by registered or certified United States mail to the Trustee and the City at the following addresses:

Mayor and Council of Brunswick
Brunswick City Hall
One West Potomac Street
Brunswick, Maryland 21716

Attention: City Administrator

Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the City to or on the Trustee may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Trustee with the City) as follows:

Manufacturers and Traders Trust Company
25 South Charles Street
Baltimore, Maryland 21201

Attention: Corporate Trust Department

Section 10.06. Partial Invalidity.

If any section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 10.07. Applicable Law.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Maryland applicable to contracts made and performed in the State of Maryland.

Section 10.08. Conflict with Act.

In the event of a conflict between any provision of this Indenture with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Indenture.

Section 10.09. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 10.10. Intention as to Seal and Contract.

It is intended that this Indenture, when signed on behalf of the City and the Trustee and duly delivered between them, shall constitute a contractual obligation under seal under the laws of the State of Maryland with force and effect as an agreement and indenture of trust.

Section 10.11. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture to be executed as of September 1, 2006.

[SEAL]

Mayor and Council of Brunswick

_____
David B. Dunn
City Administrator

By:_____
Carroll A. Jones
Mayor

Manufacturers and Traders Trust Company, as Trustee

_____

By:_____
Name:_____
Title:_____

APPENDIX A

DEFINITIONS

"**Act**" means Article 23A, Section 44A of the Annotated Code of Maryland, as amended.

"**Additional Bonds**" means any bonds issued by the City on a parity with any then Outstanding Bonds pursuant to Section 2.07 hereof.

"Actual Cost" means the substantiated costs with respect to a Developer Procured Facility or a City Procured Facility, which costs include:

(i) construction, reconstruction, and renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or constructed, or to be acquired or to be constructed by the City or the State of Maryland, as appropriate;

(ii) all machinery and equipment acquired or to be acquired or constructed, as appropriate, by the City, including machinery and equipment needed to expand or enhance municipal services to the District and areas reasonably related to the District;

(iii) financing charges and interest prior to and during construction, and for a limited period after completion of the construction, interest and reserves for principal and interest, including costs of municipal bond insurance and any other type of financial guaranty and costs of issuance;

(iv) extensions, enlargements, additions, and improvements;

(v) architectural, engineering, financial, and legal services;

(vi) plans, specifications, studies, surveys, and estimates of cost and of revenues;

(vii) administrative expenses; and

(viii) other expenses as may be necessary or incident to the construction, acquisition, and financing of a Developer Procured Facility or a City Procured Facility, as appropriate.

"**Additional Facilities**" means any public improvements that are financed or refinanced pursuant to the Act and the Indenture by the City by the issuance of Additional Bonds.

"**Administrative Expense Fund**" means the fund by that name established by Section 4.07(a) hereof.

"**Administrative Expenses**" means any or all of the following: the fees and expenses of the Trustee; the expenses of the City in carrying out its duties under the Development Agreement

and this Indenture, including, but not limited to, the levy and collection of the Special Tax (including the fees of any professional consultant retained by the City to provide services for such purpose) and compliance with arbitrage rebate requirements and obligated persons disclosure requirements, including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto; and all other costs and expenses of the City, the Trustee or the Administrator incurred in connection with the discharge of their respective duties under this Indenture and, in the case of the City, the Development Agreement, including legal expenses associated with such duties and, in the case of the City, in any way related to the administration of the District.

"**Administrator**" means, initially, MuniCap, Inc., or any other individual or entity designated by the City to administer the District. The City reserves the right to appoint the Financial Officer or his designee as Administrator.

"**Annual Debt Service**" means, for each Bond Year, the sum of: (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of Section 2.04 hereof for Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installment due in such Bond Year pursuant to Section 2.04 hereof).

"**Authorized Denomination**" means $100,000.00 or any integral multiple of $1,000.00 in excess thereof, except that on and after any date on which Moody's shall have rated the Bonds Baa or higher or S&P shall have rated the Bonds BBB or higher, without regard to plus (+) or minus (-) or comparable designations, and upon compliance with applicable securities laws, $5,000.00 or any integral multiple thereof.

"**Authorized Officer**" means the Mayor, the City Administrator and the Financial Officer or any other officer or employee authorized to undertake the action referenced in this Indenture as required to be undertaken by an Authorized Officer.

"**Bond Counsel**" means any attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities. The firm of Venable LLP, is recognized as constituting Bond Counsel, subject to further action by the City.

"**Bond Fund**" means the fund by that name established by Section 4.05(a) hereof.

"**Bond Proceeds**" has the meaning ascribed to it in Section 5.11 hereof.

"**Bond Register**" means the books for the registration and transfer of Bonds maintained by the Trustee under Section 2.10 hereof.

"**Bond Year**" means the one-year period beginning on July 1st in each year and ending on the day prior to July 1st in the following year, except that the first Bond Year shall begin on the Closing Date for the Series 2006 Bonds and end on June 30, 2006.

"**Bonds**" means the Mayor and Council of Brunswick (City of Brunswick, Maryland), Special Obligation Bonds (Brunswick Crossing Special Taxing District), Series 2006, and, if the context requires, any Additional Bonds, at any time Outstanding under this Indenture or any Supplemental Indenture.

"**Business Day**" means any day other than a Saturday, Sunday or legal holiday in the State of Maryland observed as such by the City or the Trustee.

"**Capitalized Interest Account**" means the account within the Bond Fund by that name established by Section 4.05(a) hereof.

"**Capitalized Interest Period**" means for the Series 2006 Bonds, the period from the Closing Date up to and including July 1, 2009.

"**City**" means Mayor and Council of Brunswick, a body politic and corporate and a political subdivision of the State of Maryland, and any successor thereto.

"**City Attorney**" means the City Attorney of the City.

"**City Procured Facility**" has the meaning ascribed to it in the Development Agreement.

"**Closing Date**" means September 22, 2006, being the date upon which there is a physical delivery of the Series 2006 Bonds in exchange for the amount representing the purchase price of the Series 2006 Bonds by the Original Purchaser.

"**Code**" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein), as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published under the Code.

"**Continuing Disclosure Agreement**" shall mean that certain Continuing Disclosure Agreement or Agreements, executed by one or more of the City, the Developer and the Administrator, dated the Closing Date, as originally executed and as the same may be amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee including its first annual administration fee and the fees of its counsel, expenses incurred by the City in connection with the issuance of the Bonds and the establishment of the District, special tax consultant fees and expenses, preliminary engineering fees and expenses, Bond (underwriter's) discount, legal fees and charges, including Bond Counsel, and Developer's counsel, underwriter's counsel, rating agencies' fees, financial consultants' fees, charges for

execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"**Costs of Issuance Fund**" means the fund by that name established by Section 4.03 hereof.

"County" means County Commissioners of Frederick County, a body politic and corporate and a political subdivision of the State of Maryland.

"**DTC**" means the Depository Trust Company, New York, New York, and its successors and assigns.

"**Debt Service**" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"**Developer**" means Brunswick Crossing, LLC, a Maryland limited liability company, or successors thereto acting as the "Developer" under a Development Agreement.

"**Developer Procured Facility**" has the meaning ascribed to it in the Development Agreement.

"**Development Agreement**" means any agreement, including any supplement to any such agreement, between the City and another entity, pursuant to which proceeds of the sale of the Bonds are made available to the Developer. As of the date hereof, the City has entered into a Construction and Funding Agreement dated as of September 1, 2006 with the Developer.

"**District**" means the geographic area of the Brunswick Crossing Special Taxing District established pursuant to the Ordinance.

"**District Value**" means the market value, as of the date of the appraisal described below, of all parcels of real property in the District subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund (and in connection with a determination pursuant to Section 2.07(i) hereof, with the proceeds of the proposed series of Additional Bonds), as determined by reference to an appraisal performed within six (6) months of the date of issuance of the proposed Additional Bonds by an MAI appraiser (the "Appraiser") selected by the City, or in the alternative if the City so determines, the market value of all such nondelinquent parcels and improvements thereon as shown on the then current City real property tax roll available to the Administrator. Neither the City nor the Administrator shall be liable to the Holders, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any Appraiser pursuant to this definition.

"**Event of Taxability**" means the interest payable on any Tax-Exempt Bond for any reason becomes includible in gross income of the holder thereof as defined in Section 61 of the Code.

"**Facilities**" has the meaning ascribed to it in the Development Agreement.

"**Federal Securities**" means any of the following which at the time of investment are legal investments under the laws of the State of Maryland for funds held by the Trustee or the City (as the case may be):

(i) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States - Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, (f) public housing notes and bonds guaranteed by the United States of America, (g) obligations of the Small Business Administration, (h) obligations of the Federal Financing Bank, and (i) obligations of the Federal Farm Credit Bank.

"**Financial Officer**" means the City Administrator, or his designee.

"**Fiscal Year**" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"**Government Obligations**" means non-callable, direct obligations of, or obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America.

"Grant Monies" means those monies received as grants by the City from appropriate Maryland State or federal agencies with respect to the City Procured Facilities or the Developer Procured Facilities.

"**Holder**" or "**Bondowner**" means any person who shall be the registered owner of any Outstanding Bond.

"**Improvement Fund**" means the fund by that name created by and held by the Trustee pursuant to Section 4.02(a) hereof.

"**Indenture**" means this Trust Indenture, as it may be amended or supplemented from time to time by any Supplemental Indenture adopted pursuant to the provisions hereof.

"**Independent Financial Consultant**" means any consultant or firm of such consultants appointed by the City or the Financial Officer, and who, or each of whom: (i) is judged by the Financial Officer to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the City: (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City. The Independent Financial Consultant shall initially be MuniCap, Inc., 8340 Governor Ridgeley Lane, Ellicott City, Maryland 21043. The City reserves the right to assume the duties of the Independent Financial Consultant.

"**Independent Public Accountant**" means an individual, partnership or corporation engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State of Maryland and in fact independent, employed by the City to pass upon those matters required by the Indenture to be passed upon by an Independent Public Accountant, including the person employed by the City as its external auditor.

"**Interest Payment Dates**" means January 1 and July 1 of each year, commencing January 1, 2007.

"**Limited Offering Memorandum**" means the Limited Offering Memorandum dated September 14, 2006 relating to the Bonds.

"**Maximum Annual Debt Service**" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"**Mayor and Council**" means the Mayor and Council of Brunswick.

"**Moody's**" means Moody's Investors Service, and any successor thereto.

"**New Project Fees**" means fees received by the City pursuant to Section 4(e) of the Annexation Agreement dated March 26, 2002, by and between Hope Family Limited Partnership, Marvin Hope, Trustee under Trust B of the Last Will and Testament of Lillie V. Hope, Leon B. Enfield and Shirley G. Enfield, the Developer and the City.

"**New Project Fees Account**" means the account within the Improvement Fund by that name established by Section 4.02(a) hereof.

"**Officer's Certificate**" means a written certificate of the City signed by an Authorized Officer of the City.

"**Order**" means an order executed by the Mayor/City Administrator pursuant to the Ordinance.

"**Ordinance**" means Special Ordinance No. 431 adopted by the Mayor and Council on October 11, 2005, authorizing the issuance of the Bonds and creating the District.

"**Original Purchaser**" or "**Underwriters**" means the first purchaser of the respective series of the Bonds from the City. With respect to the Series 2006 Bonds, "Original Purchaser" means Banc of America Securities LLC.

"**Outstanding**" means, as of any particular date: (a) when used with reference to Bonds, all Bonds authenticated and delivered under the Indenture except: (i) any Bond canceled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in Section 9.01 hereof, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II or Section 8.06 hereof; and (b) except as otherwise provided in any Supplemental Indenture authorizing or approving the issuance of any Additional Bonds theretofore issued or incurred other than any Additional Bonds that are deemed to have been paid and discharged under generally accepted accounting principles and that are not secured by Special Tax Revenues or any other amounts held under the Indenture.

"**Participant**" means any broker, dealer, bank or other financial institution or other individual or entity for which, from time to time, the Securities Depository effectuates book-entry transfers and pledges of securities pursuant to a book-entry system under Section 2.13 hereof.

"**Payment Request**" means the form for requesting an advance from the Improvement Fund attached to the Development Agreement as Exhibit C.

"**Permitted Investments**" means the following:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidences of indebtedness issued or fully unconditionally guaranteed by and of the following United States Government non-full faith and credit agencies: Federal Home Loan Bank and Federal Land Bank;

(c) bonds, notes or other evidences of indebtedness rated "AAA" by Moody's or "AAA" by S&P and issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or the Student Loan Marketing Association;

(d) U.S. dollar denomination deposit accounts, federal funds and bankers acceptances and certificates of deposit (whether negotiable or non-negotiable) with domestic commercial banks, including the Trustee; provided that either: (a) the obligations of such bank are rated in one of the two highest rating categories (without regard to plus (+) or minus (-) or comparable

designations) by Moody's or S&P (the ratings of the holding company of a bank are not considered the rating of such bank); or (b) such deposits are fully insured by the Federal Deposit Insurance Corporation, provided, however that the portion of any certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, if any, shall be secured at all times in the manner provided by law by collateral security having a market value not less than the amount of such excess, consisting of securities described in paragraph (a) through (c);

(e) commercial paper which is rated at the time of purchase in a single highest classification, "P-1 " by Moody's and "A-I+" by S&P, and which mature not more than 270 days after the date of purchase;

(f) investments in a money market fund which invests only in Permitted Investments (including any funds administered by the Trustee or its affiliates whereby the Trustee or its affiliates are paid a fee for such administration) registered with the Securities and Exchange Commission rated in the highest rating category (without regard to plus (+) or minus (-) or comparable designations) by Moody's or S&P;

(g) pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instruction have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or any successors thereto; or (ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of an interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(h) guaranteed investment contracts or investment agreements, including repurchase agreements and forward delivery agreements, - with a financial institution whose long-term unsecured debt obligations or claims paying ability are rated at least "AA-" by S&P or "Aa3" by Moody's at the time of execution of such contract or agreement (the "Eligible Provider"). Such contract or agreement must be collateralized with securities described in any of clauses (a) through (c) above (the "Collateral"). All such Collateral shall be held by the Trustee or a third party custodian (the "Holder of the Collateral"), must be maintained at a market value equal to at least 102% of the principal invested plus all accrued but unpaid interest, and in a form acceptable to the Trustee and the Financial Officer; however, that:

(1) monies invested thereunder may be withdrawn without penalty, premium, or charge, for use in connection with this Indenture (but not for the purpose of reinvestment or surety substitution), upon not more than seven day's notice;

(2) the agreement shall state that it is an unconditional and general obligation of, and is not subordinated to any other obligation of such agreement provider;

(3) the same guaranteed interest rate will be paid on any future deposits made to restore the amount on deposit in the Reserve Fund to the Reserve Requirement, provided such replenishment is delivered to the agreement provider within twelve months of the date of withdrawal;

(4) (the Trustee will receive an opinion of counsel to the provider that such agreement is a legal, valid, binding and enforceable obligation of such provider and that such Collateral is free and clear of any third-party liens or claims and that to the extent permitted by law in effect in the State, including the Uniform Commercial Code, the Holder of the Collateral has a perfected security interest in the Collateral, any substituted Collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(5) The contract or investment agreement must also provide that if during its term:

a. the provider's rating by S&P and Moody's falls below "AA-" and "Aa3," respectively, the provider must deliver notice of such downgrade to the City and the Trustee, in writing, within five (5) business days after the occurrence of such downgrade and shall, at its option and solely at the providers expense, within ten Business Days of receipt of publication of such downgrade, either:
    i. Assign the contract or investment agreement to an Eligible Provider acceptable to the City and the Trustee; or
    ii. Collateralize the investment agreement by delivering or transferring in accordance with applicable State and federal laws (other than by means of entries on the provider's books) to the City, the Trustee or the Holder of the Collateral, Collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or
    iii. Obtain a guaranty in a form and from an Eligible Provider acceptable to the City and the Trustee; or
    iv. Take any other action acceptable to the City and the Trustee.

In the event that the provider fails to take one of the remedies provided for in (h)(5)(a)(i), (h)(5)(a)(ii), (h)(5)(a)(iii) or (h)(5)(a)(iv) above, then the provider must, at the direction of the City or the Trustee (who shall give such direction if so directed by the City), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the City or the Trustee,

b. the provider's rating by S&P and Moody's is withdrawn or suspended or falls below "A-" and "A3," respectively, the provider must deliver notice of such downgrade to the City and the Trustee, in writing, within five (5) Business Days after the occurrence of such downgrade and the provider shall, at its option, within ten (10) Business Days of receipt of publication of such downgrade, either:
    i. Assign the investment agreement to an Eligible Provider acceptable to the City and the Trustee; or
    ii. Obtain a guaranty in a form and from an Eligible Provider acceptable to the City and the Trustee.

In the event that the provider fails to take one of the remedies provided for in (h)(5)(b)(i) or (h)(5)(b)(ii) above, then the provider must, at the direction of the City or the Trustee (who shall give such direction if so directed by the City), within ten (10) days of receipt of such direction repay the principal of and accrued but unpaid interest on the investment agreement, in either case with no penalty or premium to the City or Trustee,

Notwithstanding the foregoing, in the event that monies held hereunder are invested in a Permitted Investment described in clause (d) or (f) above and the Trustee receives written notice that, by reason of a rating withdrawal or downgrade or otherwise, such investment no longer satisfies the description of a Permitted Investment in said clause (d) or (f), as applicable, the Trustee shall immediately liquidate such investment, notify the Financial Officer of such liquidation, and reinvest the proceeds of such liquidation in another Permitted Investment pursuant to Section 6.01 hereof.

"**Principal Office**" means the designated corporate trust office of the Trustee set forth in Section 10.05 hereof, or such other or additional offices as may be designated by the Trustee.

"**Project**" or "**Public Improvements**" means the public improvements and other eligible costs to be financed with the proceeds of the Bonds within and outside the District, as such improvements are described in Appendix C to this Indenture.

"**Public Works Agreement**" means, collectively, the City of Brunswick Water/Wastewater System Service Agreement, dated February 10, 2004, between the City and the Developer, and the Public Works Agreement, City of Brunswick, Sewage Treatment Plant Design, dated February 10, 2004, between the City and the Developer, together with any other similar agreements relating to construction of the Public Improvements.

"**Rate and Method of Apportionment of Special Taxes**" means the Rate and Method of Apportionment of Special Taxes attached to the Ordinance as Exhibit 2.

"**Rebate Fund**" means the fund by that name created by and held by the Trustee pursuant to Section 4.08 hereof.

"**Record Date**" means the fifteenth day of the month next preceding the month of the applicable interest payment date, whether or not such day is a Business Day.

"**Redemption Price**" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"**Registrar**" means the Trustee its capacity as Bond registrar under this Indenture.

"**Reserve Fund**" means the fund by that name established pursuant to Section 4.04(a) hereof.

"Reserve Fund Credit Facility" has the meaning ascribed to it in Section 4.04(h) hereof.

"**Reserve Requirement**" means, the least of: (i) Maximum Annual Debt Service on the Series 2006 Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Series 2006 Bonds as of the date of issuance, or (iii) 10% of the original principal amount of the Series 2006 Bonds; provided, however, that such amount shall be reduced in an amount equal to monies transferred from the Reserve Fund pursuant to an extraordinary redemption of the Series 2006 Bonds pursuant to Section 5(c) of the Series 2006 Bond; and provided further that as a result of an optional redemption of the Series 2006 Bonds pursuant to Section 5(a) of the Series 2006 Bonds, the Reserve Requirement shall be reduced by a percentage equal to the pro rata amount of Series 2006 Bonds redeemed by such optional redemption divided by the total amount of Outstanding Series 2006 Bonds prior to such redemption. As of the date of delivery of the Series 2006 Bonds, the Reserve Requirement is equal to $3,386,843.36 which is an amount equal to 125% of average Annual Debt Service on the Series 2006 Bonds as of the date of issuance.

"**S&P**" means Standard & Poor's Ratings Group, a division of McGraw-Hill, and any successor thereto.

"**Section 148 Certificate**" means the certificate described in Section 5.11 hereof.

"Section 148 Certifying Officials" has the meaning ascribed to it in Section 5.11 hereof.

"**Securities Depository**" means: (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.13 hereof.

"**Serial Bonds**" means the Bonds of any series that are stated to mature in consecutive annual installments.

"**Series**" means any series of Bonds issued hereunder.

"**Series 2006 Bonds**" means the Bonds so designated and authorized to be issued under Section 2.02 hereof.

"**Sinking Fund Installment**" means the amount of money provided herein, and in each Supplemental Indenture authorizing any Series of Additional Bonds, to redeem or pay at maturity Term Bonds at the times and in the amounts provided in the Indenture or such Supplemental Indenture (as the case may be). The Sinking Fund Installments for the Series 2006 Bonds are set forth in Section 2.04 hereof.

"**Special Tax Fund**" means the fund by that name established by Section 4.06(a) hereof.

"**Special Tax Prepayments**" means the proceeds of any Special Tax Prepayments received by the City, as calculated pursuant to the Rate and Method of Apportionment of the Special Taxes for the District, less any administrative fees or penalties collected as part of any such prepayment.

"**Special Tax Prepayment Account**" means the account within the Bond Fund by that name established by Section 4.05(a) hereof.

"**Special Tax Revenues**" means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of a tax sale. "Special Tax Revenues" does not include any penalties collected in connection with delinquent Special Taxes.

"**Special Taxes**" means the special taxes levied within the District pursuant to the Act, the Ordinance and this Indenture.

"**Supplemental Indenture**" means an agreement the execution of which is authorized by an ordinance which has been duly executed by the Mayor pursuant to the Ordinance and any supplemental ordinance and which agreement is amendatory of or supplemental to this Indenture, but only if and to the extent that such agreement is specifically authorized hereunder.

"**Tax Consultant**" means MuniCap, Inc. or another financial or tax consultant retained by the City for the purpose of computing and administering the Special Taxes. The City reserves the right to appoint the Financial Officer or his designee as Tax Consultant.

"**Tax-Exempt Bonds**" means the Series 2006 Bonds and any other Bonds with respect to which there shall have been delivered to the City an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income for federal income tax purposes.

"**Term Bonds**" means the Bonds of any series, other than Serial Bonds, payable prior to or at their stated maturity from Sinking Fund Installments.

"**Trustee**" means Manufacturers and Traders Trust Company or such other trustee as may be appointed by the City and acting as an independent trustee with the duties and powers set forth in this Indenture, its successors and assigns and any other corporation or association which may at any time be submitted in its place as provided in Article VII.

APPENDIX B

FORM OF SERIES 2006 BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED UNITED STATES OF AMERICA REGISTERED

MAYOR AND COUNCIL OF BRUNSWICK
(CITY OF BRUNSWICK, MARYLAND

No. R-1 SPECIAL OBLIGATION BONDS $36,310,000

(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

THIS BOND IS A SPECIAL OBLIGATION OF MAYOR AND COUNCIL OF BRUNSWICK (THE "CITY") PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES AND FUNDS PLEDGED THEREFOR UNDER THE INDENTURE, AS DEFINED BELOW. THIS BOND DOES NOT CONSTITUTE A GENERAL OBLIGATION DEBT OF THE CITY OR A PLEDGE OF THE CITY'S FULL FAITH AND CREDIT OR TAXING POWERS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF MARYLAND OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

Reference Date	Interest Rate (per annum)	Maturity Date	CUSIP
Date of Delivery	5.50%	July 1, 2036	117250AA8

Registered Owner: CEDE & Co.

Principal Sum: Thirty Six Million Three Hundred Ten Thousand Dollars ($36,310,000)

THE MAYOR AND COUNCIL OF BRUNSWICK, a body politic and corporate and a political subdivision and municipal corporation of the State of Maryland (the "City"), for value received, hereby promises to pay, but only from the Special Tax Revenues (defined herein) and other amounts pledged to such payment under the Indenture (defined herein), to the Registered

Owner shown above or registered assigns or legal representative, upon the presentation and surrender hereof at the principal corporate trust office of the Trustee (defined herein), the Principal Sum shown above (or such lesser amount as shall be outstanding hereunder from time to time in accordance with Section 5 hereof) on the Maturity Date shown above (or earlier as hereinafter referred to), with interest thereon from the most recent date to which interest has been paid or, if the Date of Authentication shown below is prior to the first interest payment date, from September 22, 2006 at the Interest Rate shown above until said Principal Sum is paid, payable on January 1, 2007, and semiannually thereafter on January 1 and July 1 of each year.

All interest due on this bond shall be payable to the person in whose name this bond is registered on the bond registration books maintained by Manufacturers and Traders Trust Company, as Trustee and registrar (such entity and any successor in such capacity being referred to herein as the "Trustee"), as of the close of business on the fifteenth day of the calendar month immediately preceding the interest payment date upon which such interest is due and payable and shall be made by check mailed to the address of such owner as it appears on the bond registration books maintained by the Trustee; provided, that if there is a default in the payment of interest due hereon, such defaulted interest shall be payable to the person in whose name this bond is registered as of the close of business on a subsequent date fixed by the Trustee (the "Special Record Date") that is at least ten (10) and not more that fifteen (15) days before the date set for the payment of such defaulted interest. Notice of any Special Record Date will be given as hereinafter provided to the registered owner hereof not later than ten (10) days before the Special Record Date.

The principal or redemption price of and interest on this bond are payable in lawful money of the United States of America or by check payable in such money. If any payment of the principal or redemption price of or interest on this bond shall be due on a day other than a Business Day (defined herein), such payment shall be made on the next Business Day with like effect as if made on the originally scheduled date. A "Business Day" is any day other than a Saturday, Sunday or legal holiday in the State of Maryland observed as such by the City or the Trustee, or both.

As provided in the Act (defined herein), the Ordinance (defined herein) and the Order (defined herein), this bond is a special obligation of the City payable from the special fund created by the Ordinance and may not constitute a general obligation debt of the City or pledge of the City's full faith and credit or taxing power.

This bond shall be secured by a first pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Special Tax Revenues (defined herein) and all monies deposited in the Bond Fund (defined in the Indenture), the Reserve Fund (defined in the Indenture), the Special Tax Fund (defined in the Indenture) and the Improvement Fund (exclusive of the New Project Fees Account thereof).

1. Agreement. This bond is one of a duly authorized series of bonds of the City designated "MAYOR AND COUNCIL OF BRUNSWICK (CITY OF BRUNSWICK, MARYLAND), SPECIAL OBLIGATION BONDS (BRUNSWICK CROSSING SPECIAL TAXING DISTRICT), SERIES 2006" (the "Series 2006 Bonds"), aggregating Thirty Six

Million Three Hundred Ten Thousand Dollars ($36,310,000) in principal amount, dated as of September 22, 2006 and duly issued by the City under and pursuant to: (i) Article 23A, Section 44A of the Annotated Code of Maryland, as amended (the "Act"), (ii) certain proceedings of the City, including Special Ordinance No. 431 (the "Ordinance"), (iii) an order of the Mayor (the "Order"), and (iv) the Trust Indenture dated as of September 1, 2006 (the "Indenture"), by and between the City and the Trustee. The terms of the Series 2006 Bonds include those stated in the Indenture, and the Series 2006 Bonds are subject to all such terms. Reference is made hereby to the Indenture for a description of the funds, revenues and charges pledged thereunder, the nature and extent of the security created or to be created, and the rights, limitations of rights, obligations, duties and immunities of the City, the Trustee and the holders of the Series 2006 Bonds. By the acceptance of this bond, the holder hereof assents to all of the provisions of the Indenture. Certified copies of the Indenture are on file at the principal corporate trust office of the Trustee and at the office of the City in Brunswick, Maryland.

2. Special Tax Revenues. In the Indenture, the City has covenanted to pay the principal of, interest and premium on, the Series 2006 Bonds solely from the Special Tax Revenues and amounts in the Bond Fund, the Reserve Fund, the Special Tax Fund and the Improvement Fund (exclusive of funds in the New Project Fees Account thereof).

As defined in the Indenture, "Special Tax Revenues" include the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of a tax sale, and "Special Taxes" means the special taxes levied within the District (defined in the Indenture) pursuant to the Act, the Ordinance and this Indenture. "Special Tax Revenues" does not include any penalties collected in connection with delinquent Special Taxes.

3. The Series 2006 Bonds. The Series 2006 Bonds are term bonds with an aggregate principal amount of $36,310,000 which matures on July 1, 2036 and bears interest at the rate of 5.50% per annum.

The Series 2006 Bonds are issuable only in registered form without coupons in Authorized Denominations (as defined in the Indenture).

4. Additional Bonds. The Indenture provides that Additional Bonds (as defined in the Indenture) may be issued within the limitations and provisions of the Indenture (the Series 2006 Bonds and any Additional Bonds being referred to herein, collectively, as "Bonds"). All Bonds issued within the limitations and provisions of the Indenture shall be secured equally and ratably by the Special Tax Revenues and other property pledged by the City, to the extent provided in the Indenture.

5. Redemption. The Series 2006 Bonds at the time outstanding may be redeemed prior to their respective maturities as follows:

(a) Optional Redemption. Series 2006 Bonds are subject to redemption prior to maturity beginning on July 1, 2016, at the option of the City, as a whole at any time or in part on any interest payment date in an Authorized Denomination, at a redemption price equal to the

principal amount of the Series 2006 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(b) Mandatory Sinking Fund Redemption. Series 2006 Bonds are subject to redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments (as defined in the Indenture) on July 1 of the following years in the following amounts:

$36,310,000 Term Bonds Due July 1, 2036

Year	Sinking Fund Installment	Year	Sinking Fund Installment
2010	$129,000	2024	$1,240,000
2011	178,000	2025	1,364,000
2012	231,000	2026	1,496,000
2013	288,000	2027	1,637,000
2014	349,000	2028	1,787,000
2015	415,000	2029	1,946,000
2016	484,000	2030	2,115,000
2017	559,000	2031	2,294,000
2018	638,000	2032	2,485,000
2019	723,000	2033	2,687,000
2020	814,000	2034	2,902,000
2021	911,000	2035	3,130,000
2022	1,013,000	2036	3,372,000
2023	1,123,000		

(c) Extraordinary Redemption. The Series 2006 Bonds are subject to extraordinary redemption prior to maturity as a whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption, from: (i) funds transferred from the Improvement Fund to the Bond Fund in accordance with Section 4.02(e) or (f) of the Indenture, or (ii) amounts in the Bond Fund as a result of transfers from the Special Tax Prepayment Account pursuant to Section 4.05(b)(3) of the Indenture, the Reserve Fund pursuant to Section 4.04(f) of the Indenture and the Special Tax Fund pursuant to Section 4.06(b) of the Indenture.

(d) Selection of Bonds to Be Redeemed. If fewer than all of the Series 2006 Bonds shall be called for redemption, the particular Series 2006 Bonds or portions of Series 2006 Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine. Money available for the redemption of Bonds shall be allocated to the Series 2006 Bonds and any Additional Bonds outstanding under the Indenture in the manner provided in the Indenture. Bonds, or portions of Bonds, redeemed pursuant to this Section 5 shall be redeemed in denominations of $1,000.00 or any integral multiple thereof provided that

no redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time.

(e) Notice of Redemption. The Trustee shall give notice of any redemption of the Series 2006 Bonds at least thirty (30) days before the redemption date to the registered owners of the Series 2006 Bonds to be redeemed. The failure so to give any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of any Series 2006 Bonds as to which notice was properly given.

The Trustee shall give additional notice of any redemption: (i) at least thirty (30) but not more than sixty (60) days prior to the date set for redemption to the Original Purchaser, and (ii) promptly to any registered Owner who has received notice of redemption but has failed to surrender its Bond for redemption within thirty (30) days after the date set for redemption. No such additional notice shall be a condition precedent to any redemption nor shall failure to mail or receive any such additional notice, or any defect in such additional notice affect the validity of the proceedings for redemption of such Bonds.

Each such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount of such Bond to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Trustee for redemption at the redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(f) Effect of Call for Redemption. On the date designated for redemption, notice having been given as provided herein and any conditions to such redemption having been satisfied, the Series 2006 Bonds or portions of Series 2006 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2006 Bonds or such portions thereof on such date and, if monies for the payment of the redemption price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Series 2006 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2006 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the registered owners thereof shall have no rights in respect of such Series 2006 Bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest thereon so held by the Trustee. If a portion of this Series 2006 Bonds shall be called for redemption, a new Series 2006 Bond or Series 2006 Bonds in aggregate principal amount equal

to the unredeemed portion hereof, of the same series and maturity and bearing interest at the same rate, shall be issued to the registered owner upon the surrender hereof.

(g) Provisions Applicable to Book-Entry Bonds. So long as all of the Series 2006 Bonds shall be maintained in book-entry form with a Securities Depository (as defined in the Indenture) in accordance with the Indenture, in the event that part, but not all, of this bond shall be called for redemption, the holder of this bond may elect not to surrender this bond in exchange for a new Series 2006 Bond in accordance with paragraph (f) above and in such event shall make a notation indicating the principal amount of such redemption and the date thereof on the Payment Grid attached hereto. For all purposes, the principal amount of this bond outstanding at any time shall be equal to the Principal Sum shown on the face hereof reduced by the principal amount of any partial redemption of this bond following which the holder of this bond has elected not to surrender this bond in accordance with paragraph (f) above. The failure of the holder hereof to note the principal amount of any partial redemption on the Payment Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation of the City hereunder. THEREFORE, IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER A PART OF THE PRINCIPAL OF THIS BOND HAS BEEN PAID.

(h) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under this Section 5, at the direction of the City, the Trustee shall endeavor to purchase Bonds at the most advantageous prices obtainable with reasonable diligence from available monies on deposit with the Trustee, but no such purchase shall be made by the Trustee: (i) within the period of thirty (30) days immediately preceding any Interest Payment Date on which such Bonds are subject to call for redemption, or (ii) at a price, including any brokerage or other charges, greater than the par amount of such Bonds on the next Interest Payment Date at which such Bonds are subject to redemption and accrued interest to the date of the purchase of the Bonds.

6. Defeasance. The Indenture prescribes the manner in which it may be discharged and provides that Bonds shall be deemed to be paid if monies or certain Federal Securities (as defined in the Indenture), the principal of and interest on which, when due, will be sufficient to pay the principal or redemption price of and interest on such Bonds to the date of maturity or redemption thereof, shall have been deposited with the Trustee.

7. Persons Deemed Owners: Restrictions upon Actions by Individual Holders. The City and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof (whether or not this bond shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the City or the Trustee) for the purpose of receiving payment of or on account of the principal or redemption price of this bond, and for all other purposes except as otherwise provided herein with respect to the payment of interest on this bond, and neither the City nor the Trustee shall be affected by any notice to the contrary. All such payments so made to any such registered owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for monies payable under this bond.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with

respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

8. Transfer and Exchange. This bond may be exchanged for an equal aggregate principal amount of Series 2006 Bonds, of the same maturity and bearing interest at the same rate and of other Authorized Denominations, and the transfer of this bond may be registered, upon presentation and surrender of this bond at the Principal Office (as defined in the Indenture) of the Trustee, together with an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in accordance with the provisions of the Indenture. The City and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith. Neither the City nor the Trustee shall be required to register the transfer of this bond or make any such exchange of this bond after this bond or any portion hereof has been selected for redemption.

9. No Acceleration. The principal of the Series 2006 Bonds shall not be subject to acceleration for any reason, including, without limitation, the event of a payment default or other default under the terms of this bond or the Indenture or an Event of Taxability of the Series 2006 Bonds. Further, the Indenture does not specify any events of default or remedies nor does it authorize the Trustee to seek any remedies. In the event of a default on payment of Special Taxes, the City has covenanted, pursuant to the Act, with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as provided in the Indenture, and thereafter diligently prosecute collection (unless such delinquency is therefore brought current) of any Special Taxes or installment thereof not paid when due as provided in the Indenture. Nothing hereinabove mentioned or provided under the Indenture shall in any way prohibit the prepayment or redemption of Bonds as provided above, or the defeasance of the Bonds and discharge of the Indenture.

10. Modifications. Modifications or alterations of the Indenture be made only to the extent and in the circumstances permitted by the Indenture.

11. Negotiability. As declared by the Act, this bond shall be and be deemed to be for all purposes a negotiable instrument subject only to the provisions for registration and registration of transfer stated herein.

12. Governing Law. This bond shall be governed by and construed in accordance with the laws of the State of Maryland.

13. Notices. Except as otherwise provided in the Indenture and this bond, when the Trustee is required to give notice to the owner of this bond, such notice shall be mailed by first-class mail to the registered owner of this bond at such owner's address as it appears on the registration books maintained by the Trustee. Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by the addressee.

All acts, conditions and things required by the Constitution and laws of the State of Maryland and the rules and regulations of the City to happen, exist and be performed precedent

to and in the issuance of this bond and the execution and delivery of the Indenture have happened, exist and have been performed as so required.

No recourse shall be had for the payment of the principal or redemption price of and interest on this bond or for any claims based thereon or on the Indenture against any member or other officer of the City or any person executing this bond, all such liability, if any, being expressly waived and released by the registered owner of this bond by the acceptance of this bond.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, MAYOR AND COUNCIL OF BRUNSWICK has caused this bond to be executed in its name by the manual or facsimile signature of the Mayor of Brunswick and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced, attested by the manual or facsimile signature of the City Administrator, all as of the _____ day of _____.

[SEAL]

MAYOR AND COUNCIL OF BRUNSWICK

Attest:

By:_____
Carroll A. Jones
Mayor

_____
David B. Dunn
City Administrator

Certificate of Authentication

This bond is one of the bonds of the series designated herein and issued under the provisions of the within-mentioned Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS
TRUST COMPANY

_____
_____, as Trustee

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder's Signature

APPENDIX C

DESCRIPTION OF THE PROJECT

The Project, which includes infrastructure improvements to be located within the District and outside the District (which are related to infrastructure improvements within the District) to be financed with the proceeds of the 2006 Bonds consists of, among other things:

(1) Upgrade and expansion of the City's wastewater treatment plant;

(2) Upgrade and expansion of the City's water treatment plant building;

(3) Construction of an elevated water storage facility;

(4) Construction of water and sewer transmission mains;

(5) Various road widening and intersection improvements;

(6) Open space, park, recreational facilities and stormwater management facilities and areas; and

(7) Other public improvements, rights-of-way and equipment.

APPENDIX B-2

FUNDING AGREEMENT

(This page has been left blank intentionally.)

CONSTRUCTION AND FUNDING AGREEMENT

THIS CONSTRUCTION AND FUNDING AGREEMENT (this "Agreement"), dated as of September 1, 2006, is by and between **MAYOR AND COUNCIL OF BRUNSWICK**, a municipal corporation of the State of Maryland (the "City") and **BRUNSWICK CROSSING, LLC**, a Maryland limited liability company (the "Developer").

ARTICLE I

DEFINITIONS

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

"Act" means Article 23A, Section 44A of the Annotated Code of Maryland, as amended.

"Actual Cost" means the substantiated costs with respect to a Developer Procured Facility or a City Procured Facility, which costs include:

(i) construction, reconstruction, and renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or constructed, or to be acquired or to be constructed by the City or the State, as appropriate;

(ii) all machinery and equipment acquired or to be acquired or constructed, as appropriate, by the City, including machinery and equipment needed to expand or enhance municipal services to the District and areas reasonably related to the District;

(iii) financing charges and interest prior to and during construction, and for a limited period after completion of the construction, interest and reserves for principal and interest, including costs of municipal bond insurance and any other type of financial guaranty and costs of issuance;

(iv) extensions, enlargements, additions, and improvements;

(v) architectural, engineering, financial, and legal services;

(vi) plans, specifications, studies, surveys, and estimates of cost and of revenues;

(vii) administrative expenses; and

(viii) other expenses as may be necessary or incident to the construction, acquisition, and financing of a Developer Procured Facility or a City Procured Facility, as appropriate.

"Adequate Public Facilities Letter of Understanding" means the Adequate Public Facilities Letter of Understanding dated May 24, 2004 by and between the Developer and the City.

"Administrator" means, initially, MuniCap, Inc., or any other individual or entity designated by the City to administer the District.

"Annexation Agreement" means the Annexation Agreement dated March 26, 2002 by and between Hope Family Limited Partnership, Marvin Hope, trustee under Trust B of the Last Will and Testament of Lillie V. Hope, Leon B. Enfield and Shirley G. Enfield, the Developer and the City.

"Approval Documents" means, collectively, (1) the Annexation Agreement, (2) the Water/Wastewater System Service Agreement, (3) the Sewage Treatment Plant Design Agreement, and (4) the Adequate Public Facilities Letter of Understanding.

"Available Moneys" means moneys in the Improvement Fund which are not set aside to secure the performance of and payment for work for a Facility.

"Bonds" means the Series 2006 Bonds, and any Additional Bonds at any time Outstanding under the Indenture or any Supplemental Indenture.

"Bond Counsel" means Venable LLP or any other independent counsel approved by the City that regularly renders opinions with general acceptance in the municipal bond market and that is familiar with the transactions contemplated by this Agreement.

"Budgeted Cost" means the estimated cost of a Developer Procured Facility as shown on Exhibit A hereto and the estimated cost of a City Procured Facility as shown on Exhibit B hereto, as appropriate, as each such exhibit may be amended and/or supplemented by any Supplement as herein provided.

"City's Payment Request" means a document, substantially in the form of Exhibit D hereto or otherwise agreed to by the Developer, the Administrator and the City Representative, to be used by the Developer in requesting disbursements of funds by the Trustee from the Improvement Fund to pay for the Actual Costs of a City Procured Facility, or a portion thereof.

"City Procured Facilities" means, collectively, the water and sewer facilities described in Exhibit B attached hereto, as such exhibit may be amended and/or supplemented by any Supplement as herein provided, which are eligible to be financed by the City from the proceeds of the Bonds and which are procured by the City and not the Developer. "City Procured Facility" means any one of the City Procured Facilities. The City Procured Facilities, as such term may be amended from time to time in accordance with this Agreement, include all or a portion of the Improvements.

"City Representative" means the Mayor or the City Administrator of the City, and their respective designees.

"Construction Contracts" means the contracts for the construction of the Developer Procured Facilities or the City Procured Facilities between the Developer or the City, as appropriate, and the contractor(s) thereunder. "Construction Contract" means any one of the Construction Contracts.

"Developer Administrative Expenses" means the administrative expenses of the Developer, including any management fee not to exceed three percent (3%) of the other Actual Costs of a Facility.

"Developer Procured Facilities" means, collectively, the public facilities described in Exhibit A hereto, as such exhibit may be amended and/or supplemented by any Supplement as herein provided, which are eligible to be financed by the City from the proceeds of the Bonds and which are procured by the Developer and not the City. Developer Procured Facilities include the State Highway Facilities. The Developer Procured Facilities, as such term may be amended from time to time in accordance with this Agreement, may include a portion of the Improvements. "Developer Procured Facility" means any one of the Developer Procured Facilities.

"Developer's Payment Request" means a document, substantially in the form of Exhibit C hereto or otherwise agreed to by the Developer, the Administrator and the City Representative, to be used by the Developer in requesting disbursements of funds by the Trustee from the Improvement Fund to pay for the Actual Costs of a Developer Procured Facility, or a portion thereof.

"Engineer's Report" means the Engineer's Report on Infrastructure Improvements and Estimate of Development Costs dated July 31, 2006 prepared by Macris, Hendricks and Glascock, P.A. related to the District.

"Facilities" means, collectively, the City Procured Facilities and the Developer Procured Facilities. "Facility" means any one of the Facilities.

"Fee Credit" shall have the meaning given to that term in the Water/Wastewater System Service Agreement.

"Fees" shall have the meaning given to that term in the Water/Wastewater System Service Agreement.

"Grants" shall have the meaning given to that term in Section 2.06 hereof.

"Improvement Fund" means the fund so named and established pursuant to Section 4.02 of the Indenture.

"Improvements" means the following improvements in the Project more particularly described in the Water/Wastewater System Service Agreement and the Report (as defined in the

Water/Wastewater System Service Agreement): (1) sewer system upgrades consisting of gravity sewer to site, interceptor to existing system, wastewater pumping station expansion, 14" forcemain, wastewater treatment plant expansion and (2) water system upgrades consisting of water treatment plant, building addition (WTP), dedicated water supply, booster pumping station, Brunswick Crossing water supply and elevated water tank.

"Indenture" means the Trust Indenture dated as of September 1, 2006 by and between the City and Manufacturers and Traders Trust Company, as Trustee, and any Supplemental Indenture executed pursuant to the provisions of the Indenture.

"Inspector" means the City Engineer or any other independent engineer or firm of engineers registered and qualified to practice the profession of engineering under the laws of the State of Maryland and hired by the City as its agent, and approved by the Developer, to verify the construction of the Facilities.

"New Project Fees" means those certain water and sewer capacity fees prepaid by a developer of a New Project (as defined in Section 2.07 hereof) and applied in accordance with Section 3.06 hereof.

"New Project Fees Account" means the account in the Improvement Fund so named and established pursuant to Section 4.02 of the Indenture.

"Plans" means the plans, specifications, schedules and related construction contracts for the Developer Procured Facilities and the City Procured Facilities, respectively, approved pursuant to the applicable standards and directives of the City and any other applicable governmental entity.

"Project" means a planned development consisting of residential, office and commercial uses located on certain lands in the City on the south side of Maryland Route 17 and the east side of Maryland Route 180 as more particularly described in the Water/Wastewater System Service Agreement.

"Public Works Agreement" means any public works agreement between the Developer and the City relating to the construction of a City Procured Facility or a Developer Procured Facility.

"Secured Funds" means moneys in the Improvement Fund which are set aside to secure the performance of and payment for work for a Facility.

"Series 2006 Bonds" means the $36,310,000 City of Brunswick, Maryland Special Obligation Bonds (Brunswick Crossing Special Taxing District) Series 2006.

"Sewage Treatment Plant Design Agreement" means the Brunswick Crossing Public Works Agreement City of Brunswick Sewage Treatment Plant Design dated February 10, 2004 by and between the City and the Developer**.**

"State" means the State of Maryland, acting through the State Highway Administration.

"State Highway Facilities" means those road improvements described on Exhibit A hereto to be acquired by the State.

"Substantial Completion" means the time at which the construction of a Facility (or specified part thereof) has progressed to the point where, in the opinion of the Inspector, such Facility (or a specified part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Facility (or a specified part thereof) can be utilized for the purposes for which it is intended.

"Supplement" means a written document agreed upon by the parties to this Agreement amending, supplementing or otherwise modifying this Agreement and any exhibit hereto, including any amendments to the list of Developer Procured Facilities in Exhibit A or the list of City Procured Facilities in Exhibit B in a manner consistent with the Act, the Ordinance, the Indenture, and this Agreement.

"Taps" means the taps for water and sewer connections anticipated to be required for the Project and more particularly described in the Water/Wastewater System Service Agreement.

"Waste Water Treatment Plant" shall have the meaning given to such term in Section 5.04(a)(i) hereof.

"Water/Wastewater System Service Agreement" means the Brunswick Crossing City of Brunswick Water/Wastewater System Service Agreement dated February 10, 2004 by and between the City and the Developer.

"WWTP Design Contract" means the contract for the design of the Waste Water Treatment Plant.

ARTICLE II

RECITALS

Section 2.01. The District. The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of public facilities identified in the Ordinance, which include the Developer Procured Facilities listed in Exhibit A hereto and the City Procured Facilities listed in Exhibit B hereto.

Section 2.02. The Development. The Developer is developing land within the District and will undertake the construction and development of the Developer Procured Facilities for acquisition and acceptance by the City or the State, as appropriate, and facilitate and manage, as described herein and in the Public Works Agreements related to the City Procured Facilities, the construction of the City Procured Facilities by the City as described herein.

Section 2.03. The Developer Procured Facilities and the City Procured Facilities. All Developer Procured Facilities described in Exhibit A hereto are eligible to be financed with proceeds of the Bonds. All City Procured Facilities described in Exhibit B attached hereto are eligible to be financed with proceeds of the Bonds. The Facilities are within the District or reasonably related to Facilities in the District. The Developer will undertake the construction and development of the Developer Procured Facilities for acquisition and acceptance by the City or the State, as appropriate, as described herein, any Public Works Agreements related to the Developer Procured Facilities, and the Approval Documents, and facilitate and manage, as described herein and in the Public Works Agreements related to the City Procured Facilities, the construction of the City Procured Facilities by the City in accordance with this Agreement, any Public Works Agreements related to the City Procured Facilities, and the Approval Documents. The City and the Developer will benefit from a coordinated plan of design, engineering and construction of the City Procured Facilities and the Developer Procured Facilities and the development of the land. The Developer Procured Facilities which are the subject of acquisition and acceptance by the City or the State, as appropriate, from the Developer under this Agreement are only the Developer Procured Facilities listed in Exhibit A hereto, as such Exhibit may be amended and/or supplemented by any Supplement as hereinafter provided.

Section 2.04. The Financing. (a) Pursuant to the Annexation Agreement, the City wishes to finance the acquisition and acceptance of the Developer Procured Facilities from the Developer and the payment therefor, and the payment for the State Highway Facilities to be acquired and accepted by the State, and the Developer wishes to assist in effecting such financing, by entering into this Agreement for the acquisition and acceptance of the Developer Procured Facilities and payment therefor with a portion of the proceeds of the Bonds on deposit in the Improvement Fund.

(b) Pursuant to the Annexation Agreement, the City wishes to finance the costs of the City Procured Facilities with a portion of the proceeds of the Bonds in the Improvement Fund and the Developer wishes to assist in effecting such financing.

(c) The acquisition and acceptance of the Developer Procured Facilities by the City and the facilitation and management, as described herein and in the Public Works Agreements related to the City Procured Facilities, by the Developer of the City's construction of the City Procured Facilities, each as provided herein, shall fully satisfy the Developer's obligations under the Approval Documents with respect to the Improvements and its obligations to pay the Fees due and payable by the Developer to the City pursuant to the City's Resolutions 02-03 and 02-04.

Section 2.05. The Bonds. The City has authorized the issuance of the Series 2006 Bonds under the Act, the Ordinance and the Indenture, the proceeds of which Series 2006 Bonds shall be used, in part, to finance a portion of the costs of the Developer Procured Facilities and a portion of the costs of the City Procured Facilities.

Section 2.06. The Grants. The City agreed in the Water/Wastewater System Service Agreement to actively seek all available grant monies, services, or equipment for the procurement of the Improvements (collectively, the "Grants").

Section 2.07. New Project Fees. The City agreed in the Annexation Agreement that, in the event the City approves a new residential development project (the "New Project") which would utilize certain Improvements to provide water and sewer to such New Project, the City would require the developer of such New Project to prepay to the City prior to or at the time of subdivision approval of the New Project all of the then current water and sewer capacity fees related to such New Project and due to the City and that such prepayments (which represent reimbursement for a portion of the costs of such Improvements) would be used to pay (i) the next applicable scheduled debt service on the Bonds, or (ii) for other public improvements benefiting the District, each in the manner set forth in Section 3.06 hereof. The term "New Project" shall not include the existing lots of record recorded pursuant to the City's zoning ordinances as of the date hereof, or-re-subdivisions of such lots, provided that the capacity of such lots does not increase from their capacity on the date hereof.

Section 2.08. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE III

FUNDING

Section 3.01. City Proceedings. The City shall conduct all necessary proceedings under the Act for the issuance, sale and delivery of the Bonds. Upon the written request of the Developer, the City staff, the Developer and Bond Counsel shall meet regarding the amount, timing and other material aspects of the Bonds, but the legal proceedings and the principal amounts, rates, terms and conditions and timing of the sale of the Bonds shall be in all respects subject to the approval of the City, as set forth in the Ordinance.

Section 3.02. Bonds. (a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Series 2006 Bonds for the District. Neither the City nor the Trustee shall be obligated to pay for the Actual Costs of the Developer Procured Facilities or the Actual Costs of the City Procured Facilities except from amounts on deposit in the Improvement Fund. The City makes no warranty, express or implied, that the proceeds of the Bonds, any New Project Fees, and any Grants deposited and held in the Improvement Fund, and any investment earnings thereon deposited to the Improvement Fund, will be sufficient for the payment of the Actual Costs of all of the Developer Procured Facilities or the Actual Costs of all of the City Procured Facilities.

(b) Until the earlier of the termination of this Agreement pursuant to Article IX hereof or the sale of all real property in the District to third parties, the City shall not issue Additional Bonds (other than refunding bonds) without the consent of the Developer.

Section 3.03 Bond Proceeds. The proceeds of the Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Indenture. A portion of the proceeds of the Bonds will be set aside under the Indenture in the Improvement Fund. Moneys in the Improvement

Fund shall be withdrawn therefrom in accordance with the provisions of the Indenture and the applicable provisions hereof for payment of the Actual Costs of the Developer Procured Facilities and the Actual Costs of the City Procured Facilities.

The City shall instruct the Trustee how to invest the funds on deposit in the Improvement Fund within 3 business days of the receipt of investment directions from the Developer. The Developer agrees that the funds on deposit in the funds and accounts established by or pursuant to the Indenture, including the Improvement Fund, shall be invested as directed under the Indenture.

The City shall have no responsibility whatsoever to the Developer with respect to any investment of funds made by the Trustee under the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment. Any such loss may diminish the amounts available in the Improvement Fund to pay the Actual Costs of the Developer Procured Facilities and the Actual Costs of the City Procured Facilities hereunder. The Developer further acknowledges that the obligation of any owner of real property in the District, including the Developer to the extent it owns any real property in the District, to pay Special Taxes levied in the District is not in any way dependent on the availability of amounts in the Improvement Fund to pay for all or any portion of the Developer Procured Facilities and the City Procured Facilities hereunder.

The Developer acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Actual Costs of the Developer Procured Facilities or the Actual Costs of the City Procured Facilities shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Developer Procured Facilities and the City Procured Facilities required by this Agreement or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, including, without limitation, the Approval Documents, in accordance with the terms hereof and thereof.

Section 3.04 Grants. The City will notify the Developer of the amount of any Grants received by the City within 15 business days of the receipt thereof. As the Grants are received, the City shall deposit the Grants to the Improvement Fund to be used in accordance with the Indenture. The City agrees that no proceeds of the Grants will be used by the City to pay the debt service on the Bonds except in accordance with the Indenture.

Section 3.05. Reimbursements. The City acknowledges that, in addition to the payment for the acquisition and acceptance of the Developer Procured Facilities and the construction of the City Procured Facilities, it will use a portion of the proceeds of the Series 2006 Bonds to reimburse the Developer for the costs of the creation, administration, and management of the District, the Developer's Administrative Expenses, and costs of the Developer Procured Facilities and the City Procured Facilities for which the Developer has heretofore advanced its own funds. Provided that such payments are permitted by applicable federal tax laws and the City receives satisfactory documentation of such costs, the City, to the extent not paid directly by the Trustee to the Developer on the Closing Date, shall use a portion of the proceeds of the Series 2006 Bonds deposited into the Cost of Issuance Fund, and the Improvement Fund to reimburse the Developer for such advances.

Section 3.06. New Project Fees. In the event the City receives from a developer of any New Project prepayments of the then current water and sewer capacity fees due to the City for such New Project pursuant to the Annexation Agreement, the City will inform the Developer of the receipt of such prepayments within 15 business days of the receipt thereof. The prepayments of such fees shall be used as reimbursements for Actual Costs paid by the Developer or the City. The Developer will give notice to the City whether such reimbursements shall be applied to the payment of (1) the next applicable scheduled debt service on the Bonds, or (2) Actual Costs of a Developer Procured Facility or a City Procured Facility in accordance with the terms of the Indenture. The City will deliver such reimbursements to the Trustee with written instructions to deposit such reimbursements in the New Project Fees Account of the Improvement Fund to be (1) applied to the next applicable scheduled debt service on the Bonds, or (2) advanced for the Actual Costs of a Developer Procured Facility or a City Procured Facility in accordance with the terms of the Indenture.

ARTICLE IV

CONSTRUCTION OF DEVELOPER PROCURED FACILITIES

Section 4.01. Plans. The Developer shall cause Plans to be prepared for the Developer Procured Facilities in accordance with the applicable Public Works Agreements for the Developer Procured Facilities. The Developer shall obtain the written approval of such Plans in accordance with applicable ordinances and regulations of all applicable governmental authorities. Copies of such Plans shall be provided by the Developer to the Inspector upon request therefor. The City shall have no authority to modify the Plans, once approved, for the Developer Procured Facilities.

The Developer shall deliver to the City a written assignment of its interest in the Plans for the Developer Procured Facilities substantially in the form of Exhibit F attached hereto and made a part hereof or otherwise agreed to by the Developer, the Administrator and the City Representative after receipt of a written approval of such Plans. As-built drawings for any Developer Procured Facility to be acquired by the City shall be provided to the City prior to its acceptance of such Developer Procured Facility. The Inspector shall confirm with the City that the Developer assigned the Plans for the Developer Procured Facilities to the City in accordance with this Agreement.

Section 4.02. Duty of Developer to Construct. All Developer Procured Facilities to be acquired hereunder shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and, with respect to any Developer Procured Facilities that constitute Improvements, the Approval Documents. The Developer shall perform all of its obligations hereunder and shall conduct all operations with respect to the construction of Developer Procured Facilities in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their best efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to

the design, engineering, acquisition, construction and installation of the Developer Procured Facilities to be acquired and accepted by the City or the State, as appropriate, from the Developer hereunder.

Upon the submission of a Payment Request with respect to a Developer Procured Facility, the Developer shall be obligated (i) to construct, complete and convey to the City or the State, as applicable, such Developer Procured Facility and (ii) to use its own funds to pay all Actual Costs of such Developer Procured Facility in excess of the funds available therefor in the Improvement Fund, which payment shall be constitute a Fee Credit to the extent it funded any Improvements. The Developer shall not be relieved of its obligation to construct each Developer Procured Facility and convey each such Developer Procured Facility to the City or the State, as applicable, in accordance with the terms hereof, even if (i) because of the limitations imposed by Section 6.06 hereof, the amounts available under the Indenture for such Developer Procured Facility are less than the Actual Cost, or cost to the Developer, of such Developer Procured Facility, or (ii) there are insufficient funds in the Improvement Fund to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the public improvements required in connection with the development of the land within the District.

Any Grants or New Project Fees remaining in the Improvement Fund and the New Project Fees Account of the Improvement Fund after all City Procured Facilities are fully secured in accordance with Section 5.04(b) hereof shall be applied to the payment of, or reimbursement to the Developer for the payment of, the Developer Procured Facilities.

Section 4.03. Relationship to Public Works Agreements. This Agreement sets forth the obligations of the City with respect to the funding and acquisition and acceptance by the City or the State, as applicable, of the Developer Procured Facilities from moneys in the Improvement Fund and is not intended to be a Public Works Agreement. The City and the Developer agree that the Developer shall award all contracts for the construction of the Developer Procured Facilities as necessary to assure the timely and satisfactory completion of the Developer Procured Facilities.

From time to time at the request of the Inspector, the Developer shall meet and confer with City staff, consultants and contractors regarding matters arising hereunder with respect to the Developer Procured Facilities and the progress in constructing and acquiring the same, and as to any other matter related to the Developer Procured Facilities or this Agreement. The Developer shall advise the Inspector in advance of any coordination and scheduling meetings to be held with contractors relating to the Developer Procured Facilities, in the ordinary course of performance of an individual contract. The Inspector or the Inspector's designated representative shall have the right to be present at such meetings and to meet and confer with individual contractors if deemed advisable by the Inspector to resolve disputes and/or ensure the proper completion of the Developer Procured Facilities.

Section 4.04. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City with respect to the Developer Procured Facilities.

Section 4.05. Assurance of Payment and Performance.

(a) Requirement. The Developer shall assure the completion of each Developer Procured Facility and the payment of all costs thereof by the Developer with, in whole or in any combination of, Available Moneys (subject to Section 5.04(c) hereof), a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond, in an amount equal to, with respect to all Developer Procured Facilities, 100% of the amount of the Construction Contracts for Developer Procured Facilities plus a contingency in an amount equal to 15% of the amount of such Construction Contracts. At any time, the Developer may elect to substitute a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond, for Available Moneys used to assure the completion of all or a portion of the Developer Procured Facilities. As soon as Available Moneys are dedicated to assure the payment and performance of the work for the Developer Procured Facilities and designated as such by the Administrator, these moneys become Secured Funds and unavailable except for payment of the construction of Developer Procured Facilities unless they are substituted in whole or in part by a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond. Upon a default by the Developer in completing a Developer Procured Facility, the City may withdraw such Secured Funds in the Improvement Fund to pay for the costs of completion of such Developer Procured Facility.

The Administrator shall notify the City of the amount of moneys in the Improvement Fund designated as Secured Funds for each Developer Procured Facility. If any Secured Funds are substituted by a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond, in accordance with this Section 4.05(a), the City shall promptly confirm to the Administrator that such substituted amounts constitute Available Moneys.

For all purposes of this Agreement, the payment and performance of the State Highway Facilities may be assured with a surety bond or any other security acceptable to the State.

(b) Remaining Funds After Completion of a Developer Procured Facility. Upon the Substantial Completion of a Developer Procured Facility and payment of all outstanding invoices for such Developer Procured Facility, any Secured Funds remaining in the Improvement Fund which have been used to secure the payment and performance of the work for such Developer Procured Facility (less 5% of the costs of construction of such Developer Procured Facilities to be retained until the end of the one-year warranty period for such Developer Procured Facility) immediately will become Available Moneys and will be able to be used to pay for or secure the payment and performance of the work for other Developer Procured Facilities. The City shall promptly confirm to the Administrator that such remaining amounts constitute Available Moneys. The Administrator and the Developer will designate on the Secured Funds Worksheet for Developer Procured Facilities substantially in the form of Exhibit E hereto or otherwise agreed to by the Developer, the Administrator and the City Representative how to use such Available Moneys to secure the payment and performance of the work for other Developer Procured Facilities.

(c) Release. Any cash, surety bonds, letters of credit or other financial arrangements required pursuant to Section 4.05(a) hereof, which secure the performance of work for a Developer Procured Facility, shall be released pursuant to the terms of the applicable Public Works Agreement, except as may be directed by the Developer pursuant to Section 4.05(b) hereof.

(d) Remaining Funds After Completion of Developer Procured Facilities and City Procured Facilities. Upon completion of all Developer Procured Facilities and all City Procured Facilities, any amounts remaining in the Improvement Fund shall be applied as provided in the Indenture.

Section 4.06. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as "change orders") required for the construction of the Developer Procured Facilities. A Developer may approve and implement any change orders, subject to Section 10.02 hereof, even if such change order would increase the total cost of a Developer Procured Facility to an amount which exceeds the then Budgeted Cost thereof. The Developer shall be responsible for payment of any amounts where the Actual Cost for a Developer Procured Facility exceeds the Budgeted Costs of such Developer Procured Facility, as such Budgeted Costs may be revised as herein provided in excess of the funds available in the Improvement Fund. To the extent such payment funded any Improvements, it shall constitute a Fee Credit.

ARTICLE V

CONSTRUCTION OF CITY PROCURED FACILITIES

Section 5.01. Plans. The Developer shall cause Plans to be prepared for the City Procured Facilities in accordance with the applicable Public Works Agreements for the City Procured Facilities. The Developer shall obtain the written approval of such Plans in accordance with applicable ordinances and regulations of all applicable governmental authorities. Copies of such Plans shall be provided by the Developer to the Inspector upon request therefor. Once the Plans for the City Procured Facilities are approved, the City may modify such Plans as long as such modifications do not expand the scope of any City Procured Facility set forth therein.

With respect to any Plans for City Procured Facilities which have been prepared pursuant to an agreement between the Developer and the engineer for such Plans, the Developer shall deliver to the City a written assignment of any interest of the Developer in such Plans substantially in the form of Exhibit F attached hereto and made a part hereof or otherwise agreed to by the Developer, the Administrator and the City Representative after receipt of a written approval of such Plans. The Inspector shall confirm with the City that the Developer assigned such Plans for the City Procured Facilities to the City in accordance with this Agreement. As-built drawings for any City Procured Facility shall be provided to the City upon completion of such City Procured Facility.

With respect to any Plans for City Procured Facilities which have been prepared pursuant to an agreement between the City and the engineer for such Plans, the City hereby grants the Developer the right to use such Plans in connection with its obligations under this Agreement until the earlier of (1) the completion of the City Procured Facility relating to such Plans or (2) the termination of this Agreement pursuant to Article IX of this Agreement.

Section 5.02. Duty of Developer to Construct. The Developer shall conduct all operations with respect to the construction of City Procured Facilities in accordance with the terms hereof, any Public Works Agreements related to the City Procured Facilities, and, with respect to the City Procured Facilities that constitute Improvements, the Approval Documents. The Developer shall not be relieved of its obligation to fund the construction of each City Procured Facility in accordance with the terms hereof and the Approval Documents even if there are insufficient funds in the Improvement Fund to pay the Actual Costs thereof. This Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party, including any Public Works Agreements related to the City Procured Facilities or the Approval Documents, or any governmental approval to which the Developer or any land within the District is subject, with respect to the City Procured Facilities. Such obligation of the Developer to fund the construction of the City Procured Facilities, and pay the costs thereof in excess of moneys in the Improvement Fund, shall be an obligation of the Developer as a party to this Agreement and the Approval Documents.

The Developer shall be obligated to make payments from its own funds to pay all Actual Costs of any City Procured Facility in excess of the Budgeted Cost thereof, as such Budgeted Cost may be revised, in excess of the funds available in the Improvement Fund. To the extent such payment funded any Improvements, it shall constitute a Fee Credit. Any payment request or a portion thereof submitted to the Trustee with respect to City Procured Facilities that was either not paid or paid by the Developer due to an insufficiency of funds in the Improvement Fund shall be immediately paid or reimbursed to the Developer, as appropriate, in accordance with the terms of the Indenture and this Agreement, following the deposit into the Improvement Fund of proceeds of any investment earnings, Grants or New Project Fees. In any event, the City shall not be responsible for payment of the Actual Cost for any City Procured Facility beyond the available funds in the Improvement Fund.

Section 5.03. Approval Documents. Except as expressly provided otherwise herein, to the extent there is any conflict between the terms and provisions of this Agreement and the terms and provisions of the Approval Documents with respect to the Improvements, the terms and provisions of this Agreement shall control.

Section 5.04. Assurance of Payment and Performance.

(a) WWTP Design Contract.

(i) Requirement. The Developer shall post cash with the City or provide for a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond, which approval shall not be unreasonably withheld, to assure the completion of the design of the improvements to the

waste water treatment plant which is a part of the City Procured Facilities (the "Waste Water Treatment Plant") and the payment of all costs thereof by the Developer, in an aggregate amount equal to 20% of the amount of the WWTP Design Contract plus a contingency in the amount of 15% of such 20% of the amount of the WWTP Design Contract (collectively, the "Guaranty Amount"); provided, however, where there are Available Moneys in the Improvement Fund, those moneys, in an amount equal up to the Guaranty Amount shall act as security for the payment and performance of the work for the WWTP Design Contract. The Administrator shall notify the City of the amount of Available Moneys designated as Secured Funds for the Guaranty Amount. As soon as these moneys in the Improvement Fund are dedicated by securing of funds to assure the payment and performance of the work for the WWTP Design Contract, these moneys become Secured Funds and unavailable except for payment of the costs of the WWTP Design Contract. Upon a default by the contractor in completing the WWTP Design Contract, the City may withdraw such Secured Funds in the Improvement Fund to pay for the costs of completion of the WWTP Design Contract. The Guaranty Amount shall be increased or reduced in accordance with the terms of the Sewage Treatment Plant Design Agreement.

(ii) Remaining Funds After Completion of WWTP Design Contract. Upon completion of the WWTP Design Contract and payment of all outstanding invoices for the WWTP Design Contract, any Secured Funds remaining in the Improvement Fund which have been used to secure the payment and performance of the WWTP Design Contract immediately will become Available Moneys and will be able to be used to pay for or secure the payment and performance of the work for City Procured Facilities, or if all City Procured Facilities are secured as provided in Section 5.04(b)(i) hereof, a Developer Procured Facility. The City shall promptly confirm to the Administrator that such remaining amounts constitute Available Moneys. The Administrator and the Developer will designate on the Secured Funds Worksheet for City Procured Facilities substantially in the form of Exhibit E hereto or otherwise agreed to by the Developer, the Administrator and the City Representative how to use such Available Moneys to secure the payment and performance of the work for the other Facilities.

(iii) Release. Any cash, letters of credit or other financial arrangements including, without limitation, a surety bond, required pursuant to this Section 5.04(a) which secure the performance of work for the WWTP Design Contract shall be released pursuant to the terms of the Sewage Treatment Plant Design Agreement, except as may be directed by the City pursuant to Section 5.04(a)(ii) hereof.

(b) City Procured Facilities.

(i) Requirement. Except for the WWTP Design Contract as provided in Section 5.04(a) hereof, the Developer shall post cash with the City or provide for a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond, which approval shall not be unreasonably withheld, to assure the completion of each City Procured Facility and the payment of all costs thereof by the Developer in an amount equal to, with respect to all City Procured Facilities, either 100% of the amount of Construction Contracts for the City Procured Facilities (the "Contract Guaranty Amount") plus a contingency in an amount equal to 10% of the amount of such Construction Contracts (the "Contingency Guaranty Amount") or, if a Construction Contract is not

awarded for any City Procured Facility before the Developer is allowed to secure a Developer Procured Facility, the Budgeted Cost of such City Procured Facility; provided, however, where there are Available Moneys in the Improvement Fund, those moneys in an amount up to 100% of the Contract Guaranty Amount, shall act as security for the payment and performance of the work for the City Procured Facilities. The Contingency Guaranty Amount may be secured in whole or in any combination of Available Moneys, a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond. At any time, the Developer may elect to substitute a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond, for all or a portion of the Contingency Guaranty Amount. As soon as Available Moneys in the Improvement Fund are dedicated by securing of funds to assure the payment and performance of the work for the City Procured Facilities, these moneys become Secured Funds and unavailable except for payment of the construction of City Procured Facilities unless, with respect to the Contingency Guaranty Amount only, they are substituted in whole or in part by a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond. Upon a default by the contractor in completing a City Procured Facility, the City may withdraw such Secured Funds in the Improvement Fund to pay for the costs of completion of such City Procured Facility.

The Administrator shall notify the City of the amount of Available Moneys designated as Secured Funds for each City Procured Facility. With respect to the Contingency Guaranty Amount only, if any Secured Funds are substituted by a letter of credit or other security reasonably acceptable to the City and allowable under the City's policy and regulations including, without limitation, a surety bond, in accordance with this Section 5.04(b), the City shall promptly confirm to the Administrator that such substituted amounts constitute Available Moneys.

(ii) Remaining Funds After Completion of a City Procured Facility. Upon Substantial Completion of a City Procured Facility and payment of all outstanding invoices for such City Procured Facility, any Secured Funds remaining in the Improvement Fund which have been used to secure the payment and performance of the work for such City Procured Facility (less a retainage amount equal to 5% of the costs of construction of such City Procured Facility retained by the City from the contractor of such City Procured Facility) immediately will become Available Moneys and will be able to be used to pay for or secure the payment and performance of the work for another City Procured Facility or, if all City Procured Facilities are secured as provided in Section 5.04(b)(i) hereof, a Developer Procured Facility. The City shall promptly confirm to the Administrator that such remaining amounts constitute Available Moneys. The Administrator and the Developer will designate on the Secured Funds Worksheet for City Procured Facilities substantially in the form of Exhibit E hereto or otherwise agreed to by the Developer, the Administrator and the City Representative how to use such Available Moneys to secure the payment and performance of the work for the other Facilities.

(iii) Release. Any cash, letters of credit or other financial arrangements including, without limitation, a surety bond, required pursuant to Section 5.04(b)(i) hereof, which secure the performance of work for a City Procured Facility, shall be released pursuant to the terms

of the applicable Public Works Agreement, except as may be directed by the City and the Developer pursuant to Section 5.04(b)(ii) hereof.

(c) WWTP Design Contract and City Procured Facilities to be Secured Prior to Developer Procured Facilities. Notwithstanding anything to the contrary contained herein, the City Procured Facilities and the WWTP Design Contract shall be fully secured or paid as herein provided before any Available Moneys are used to secure or pay for the Developer Procured Facilities.

Section 5.05. Change Orders; Construction Contracts. Any change orders required for the construction of the City Procured Facilities will be executed as provided in the applicable Public Works Agreements and subject to Section 10.02 hereof. No change order for a City Procured Facility will be executed if the aggregate amount of such change order and all other executed change orders for such City Procured Facility exceed the Contingency Guaranty Amount with respect to such City Procured Facility unless the change order amount that exceeds such Contingency Guaranty Amount is secured in whole or in any combination of Available Moneys, a letter of credit or other security reasonably acceptable to the City including, without limitation, a surety bond. Copies of such change orders executed on behalf of the City shall be delivered by the City to the Developer. The Developer shall deliver to the Inspector copies of all Construction Contracts related to the City Procured Facilities.

Section 5.06. Mutual Benefit Improvements. The Water/Wastewater System Service Agreement provided that, to the extent that the Fee revenue generated by the Project exceeds the total of the Actual Costs of the Improvements less proceeds of the Grants, then the amount of such excess shall be used to pay for or secure the payment and performance of the work for any other public improvement benefiting the City and the District (the "Mutual Benefit Improvements") as mutually agreed to by the City and the Developer. The Developer and the City hereby acknowledge and agree that no such revenues will be available to pay for or secure the payment and performance of any Mutual Benefit Improvements because of Maryland Department of the Environment requirements which increased the costs of the Improvements in excess of the costs of the Improvements which were anticipated at the time of the execution of the Water/Wastewater System Service Agreement.

Section 5.07. Relationship to Public Works Agreements. This Agreement sets forth the obligations of the City with respect to the funding of the City Procured Facilities from moneys in the Improvement Fund and is not intended to be a Public Works Agreement. The City and the Developer shall enter into Public Works Agreements with respect to the management of all of the City Procured Facilities and the applicable Developer Procured Facilities. The City shall award all contracts for the construction of the City Procured Facilities as necessary to assure the timely and satisfactory completion of the City Procured Facilities.

From time to time at the request of the City or the Inspector, the Developer shall meet and confer with City staff, consultants and contractors regarding matters arising hereunder with respect to the City Procured Facilities and the progress in constructing and acquiring the same, and as to any other matter related to the City Procured Facilities or this Agreement. The Developer shall advise the Inspector in advance of any coordination and scheduling meetings to be held with

contractors relating to the City Procured Facilities, in the ordinary course of performance of an individual contract. The Inspector or the Inspector's designated representative shall have the right to be present at such meetings and to meet and confer with individual contractors if deemed advisable by the Inspector to resolve disputes and/or ensure the proper completion of the City Procured Facilities.

Section 5.08. Assignment of Taps. The Developer agrees not to assign or sell the Taps allocated to it pursuant to the Water/Wastewater System Service Agreement to properties other than the Project unless it reserves sufficient Taps to serve a total of 1818 equivalent units in the Project.

ARTICLE VI

ACQUISITION AND PAYMENT

Section 6.01. Inspection. No payment hereunder shall be made from the Improvement Fund for the Actual Cost of a Facility until the work with respect to such Actual Cost has been inspected and found to be completed in accordance with the Plans relating thereto by the Inspector. Unless otherwise provided in a Supplement, the Inspector shall make or cause to be made such site inspections of the Facilities as reasonably required to make such determination.

Section 6.02. Agreement to Convey Developer Procured Facilities. For no additional consideration other than the payment of Actual Costs from amounts in the Improvement Fund as provided herein, the Developer hereby agrees to convey, sell or transfer in fee, dedicate, or grant a public easement such that it is treated as a conveyance under Maryland law (which instrument, if any, shall be substantially in the form of Exhibit G attached hereto and made a part hereof unless otherwise agreed to by the City or the State, as appropriate, and the Developer), the Developer Procured Facilities in a manner consistent with the orderly development of the Developer Procured Facilities, but in any event on or before Substantial Completion, to the City or the State, as appropriate, and the City hereby agrees to make available amounts in the Improvement Fund for the Developer to pay the Actual Costs thereof, subject to the terms and conditions hereof.

Section 6.03. Payment Requests for the Developer Procured Facilities. (a) In order to receive progress payments for Actual Costs of a Developer Procured Facility not attributable to costs under a Construction Contract, the Developer shall cause to be delivered to the Trustee a Developer's Payment Request, substantially in the form of Exhibit C hereto or otherwise agreed to by the Developer and the Administrator, for such Actual Costs, approved by the City Representative pursuant to Section 6.03(c) hereof, and the Administrator pursuant to Section 6.03(d) hereof, together with all attachments and exhibits required by Exhibit C to be included therewith or otherwise agreed to by the Developer, the Administrator and the City Representative (including, but not limited to, Attachments 1 and 2 to Exhibit C, and releases by the general contractor of materialsman's and mechanic's liens for work attributable to Actual Costs under a Construction Contract covered thereby). Partial payments for Actual Costs of a Developer Procured Facility are permitted. Except as provided in Section 6.03(c) hereof, the City shall not be responsible for approving any Developer's Payment Requests.

(b) No payment hereunder shall be made from the Improvement Fund to the Developer for the Actual Cost of a Developer Procured Facility attributable to costs under a Construction Contract until the work with respect to such Actual Cost has been inspected and found to be completed in accordance with the Plans related thereto by the Inspector. Upon receipt of such Developer's Payment Request (and all accompanying documentation) from the Developer, the Inspector shall conduct a review in order to confirm that such request is complete, that the work with respect to such Developer Procured Facility identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, any Public Works Agreements related to the Developer Procured Facilities, and the Approval Documents, as applicable, and to verify and approve the Actual Cost of such work specified in such Developer's Payment Request (collectively, the "Developer Compliance Requirements"). The approval of the Developer's Payment Request by the Inspector shall constitute a representation by the Inspector to the City and the Trustee that the Developer Compliance Requirements have been satisfied with respect to the Developer Procured Facility identified therein. The Inspector shall also conduct such review as is required in his discretion to confirm the matters certified in the Developer's Payment Request. The Developer agrees to cooperate with the Inspector in conducting each such review and to provide the Inspector with such additional information and documentation as is reasonably necessary for the Inspector to conclude each such review.

Within 10 business days of receipt of any Developer's Payment Request, the Inspector shall (i) approve and execute the Developer's Payment Request and forward the same to the Administrator for approval and delivery to the Developer in accordance with Section 6.03(d) hereof or (ii) in the event the Inspector disapproves the Developer's Payment Request, give written notification to the Developer of the Inspector's disapproval, in whole or in part, as applicable, of such Developer's Payment Request, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Developer's Payment Request. If a Developer's Payment Request seeking reimbursement is approved only in part, the Inspector shall specify the extent to which the Developer's Payment Request is approved and shall deliver such partially approved Developer's Payment Request to the Administrator for approval and delivery to the Developer in accordance with Section 6.03(d) hereof, and any such work shall be processed for payment under Section 6.05 notwithstanding such partial denial.

(c) In the event (i) the Developer desires to submit to the Trustee a Developer Payment Request for Actual Costs of a Developer Procured Facility not attributable to costs under a Construction Contract pursuant to Section 6.03(a) hereof, or (ii) the Inspector fails to act pursuant to Section 6.03(b) hereof with respect to a Developer's Payment Request for Actual Costs of a Developer Procured Facility attributable to costs under a Construction Contract within the time period therein provided, the Developer shall submit the Developer's Payment Request directly to the City Representative for approval. Within 10 business days of receipt of any Developer's Payment Request, the City Representative shall either approve or disapprove the Developer's Payment Request in accordance with the procedures set forth above for approval or disapproval by the Inspector and forward the approved or partially approved Developer's Payment Request to the Administrator for approval and delivery to the Developer in accordance with Section 6.03(d) hereof. The approval of the Developer's Payment Request by the City Representative shall constitute a representation by the City Representative to the Trustee that the Developer Compliance

Requirements have been satisfied with respect to the Developer Procured Facility identified therein. Pursuant to the terms of the Indenture, the Trustee shall make a payment to the Developer, or pursuant to the Developer's directions, of an approved Developer's Payment Request.

(d) Within 5 business days of receipt from the Inspector or City Representative of any Developer's Payment Request, the Administrator shall (i) approve such Developer's Payment Request, and all accompanying documentation, as to compliance with form requirements of this Agreement and the Indenture, and deliver such approved Developer's Payment Request to the Developer or (ii) in the event the Administrator disapproves the Developer's Payment Request, give written notification to the Developer of its disapproval of such Developer's Payment Request, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Developer's Payment Request. The Developer agrees to cooperate with the Administrator during such approval process and to provide to the Administrator such additional information and documentation as is reasonably necessary for the Administrator to grant such approval.

(e) The Developer shall deliver the approved or partially approved Developer's Payment Request to the Trustee for payment and the Trustee shall make such payment from the Improvement Fund.

Section 6.04. Payment Requests for the City Procured Facilities. (a) In order to cause a progress payment to be made from the Improvement Fund for Actual Costs of a City Procured Facility not attributable to costs under a Construction Contract, the Developer shall cause to be delivered to the Trustee a City's Payment Request, substantially in the form of Exhibit D hereto or otherwise agreed to by the Developer, the Administrator and the City Representative, requesting payment for such Actual Costs, together with all attachments and exhibits required by Exhibit D to be included therewith or otherwise agreed to by the Developer, the Administrator and the City Representative (including, but not limited to, Attachments 1 and 2 to Exhibit D, and releases by the general contractor of materialsman's and mechanic's liens for work attributable to Actual Costs under a Construction Contract covered thereby). Each City's Payment Request shall be approved by a management team for the City Procured Facilities (the "Brunswick Project Management Team"), the City Representative and the Administrator pursuant to Sections 6.04(d), (e) and (f) hereof, respectively. Partial payments for Actual Costs of a City Procured Facility are permitted.

(b) No payment hereunder shall be made from the Improvement Fund for the Actual Cost of a City Procured Facility attributable to costs under a Construction Contract until the work with respect to such Actual Cost has been inspected and found to be completed in accordance with the Plans related thereto by the Inspector. Upon receipt of a contract invoice from a contractor of a City Procured Facility (and all accompanying documentation), the Inspector shall conduct a review in order to confirm that such contract invoice is complete, that the work with respect to such City Procured Facility identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, as applicable, and to verify and approve the Actual Cost of such work specified in such contract invoice (collectively, the "City Compliance Requirements"). The approval of the contract invoice by the Inspector shall constitute a representation by the Inspector to the City and the Trustee that the City Compliance Requirements

have been satisfied with respect to the City Procured Facility identified therein. The Inspector shall also conduct such review as is required in his discretion to confirm the matters contained in the contract invoice. The Developer agrees to cooperate with the Inspector in conducting each such review and to provide the Inspector with such additional information and documentation as is reasonably necessary for the Inspector to conclude each such review.

Within 10 calendar days of receipt of any contract invoice for Actual Costs attributable to a Construction Contract from a contractor of a City Procured Facility, the Inspector shall approve such contract invoice and forward the same to the Developer for preparation of a City's Payment Request. In the event the Inspector disapproves such contract invoice, the Inspector shall give written notification to the Developer and the contractor of such City Procured Facility of the Inspector's disapproval, in whole or in part, as applicable, of such contract invoice, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such contract invoice. If a contract invoice is approved only in part, the Inspector shall specify the extent to which the contract invoice is approved and shall deliver such partially approved contract invoice to the Developer for preparation of City's Payment Request. Any approved work shall be processed for payment under Section 6.05 notwithstanding such partial denial.

(c) If the Inspector fails to act pursuant to Section 6.04(b) hereof within the time period therein provided, the Developer may submit the contract invoice for a City Procured Facility directly to the Brunswick Project Management Team for approval. Within 10 calendar days of receipt of any such contract invoice, the Brunswick Project Management Team shall either approve or disapprove such contract invoice in accordance with the procedures set forth above for approval or disapproval by the Inspector. The approval of such contract invoice by the Brunswick Project Management Team shall constitute a representation by the Brunswick Project Management Team to the Trustee that the City Compliance Requirements have been satisfied with respect to the City Procured Facility identified therein.

(d) Within 5 business days of receipt from the Developer of any City's Payment Request, the Brunswick Project Management Team shall (i) approve such City's Payment Request and all accompanying documentation, and deliver such approved City's Payment Request to the City Representative for approval pursuant to Section 6(e) hereof or (ii) in the event the Brunswick Project Management Team disapproves the City's Payment Request, in whole or in part, as applicable, give written notification to the Developer of its disapproval of such City's Payment Request, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such City's Payment Request. The Developer agrees to cooperate with the Brunswick Project Management Team during such approval process and to provide to the Brunswick Project Management Team such additional information and documentation as is reasonably necessary for the Brunswick Project Management Team to grant such approval.

(e) Within 10 business days of receipt from the Brunswick Project Management Team of any City's Payment Request for Actual Costs of a City Procured Facility not attributable to costs under a Construction Contract, and within 3 business days of receipt from the Brunswick Project Management Team of any City's Payment Request for Actual Costs of a City Procured Facility attributable to costs under a Construction Contract, the City Representative shall (i) approve such City's Payment Request and all accompanying documentation and, with respect to Actual

Costs of a City Procured Facility attributable to costs under a Construction Contract, approve such City's Payment Request and all accompanying documentation as to compliance with City Compliance Requirements, and deliver such approved City's Payment Request to the Administrator for approval and delivery to the Developer pursuant to Section 6(f) hereof or (ii) in the event the City Representative disapproves the City's Payment Request, in whole or in part, as applicable, give written notification to the Developer and the Brunswick Project Management Team of its disapproval of such City's Payment Request, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such City's Payment Request. The Developer and the Brunswick Project Management Team agree to cooperate with the City Representative during such approval process and to provide to the City Representative such additional information and documentation as is reasonably necessary for the City Representative to grant such approval.

(f) Within 5 business days of receipt from the City Representative of any City's Payment Request, the Administrator shall (i) approve such City's Payment Request, and all accompanying documentation, as to compliance with form requirements of this Agreement and the Indenture, and deliver such approved City's Payment Request to the Developer or (ii) in the event the Administrator disapproves the City's Payment Request, give written notification to the Developer of its disapproval of such City's Payment Request, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such City's Payment Request. The Developer agrees to cooperate with the Administrator during such approval process and to provide to the Administrator such additional information and documentation as is reasonably necessary for the Administrator to grant such approval.

(g) The Developer shall deliver the approved or partially approved City's Payment Request to the Trustee for payment and the Trustee shall make such payment from the Improvement Fund.

Section 6.05. Payment for Developer Procured Facilities and City Procured Facilities. Upon receipt of a reviewed and approved Developer's Payment Request or a reviewed and approved City's Payment Request, the Trustee shall make payment of such approved Developer's Payment Request or such approved City's Payment Request to the Developer, or pursuant to the directions in such Developer's Payment Request or such City's Payment Request, from funds on deposit in the Improvement Fund in accordance with the applicable provisions of the Indenture.

Section 6.06 Restrictions on Payments. Notwithstanding any other provisions of this Agreement, the following restrictions shall apply to any payments made from the Improvement Fund under Section 6.05 hereof:

(a) Joint or Third-Party Payments. (i) If the Developer's Payment Request is for the Actual Cost of a Developer Procured Facility attributable to costs under any Construction Contract, the Trustee shall make payment for such Actual Cost directly to the general contractor or supplier of materials or services or jointly to the Developer (or any permitted assignee of such Developer) and the general contractor or supplier of materials or services, as indicated in the Developer's Payment Request. If an unconditional lien release is attached to such Developer's Payment Request, the Trustee shall make such payment to the Developer or any permitted assignee

of the Developer. In the event the Developer provides a general contractor's or supplier's of materials unconditional lien release for a portion of the work covered by a Developer's Payment Request, the Trustee will make such payment directly to the Developer or any permitted assignee of the Developer to the extent of such lien release.

(ii) If the Developer's Payment Request is for the Actual Cost of a Developer Procured Facility not attributable to costs under any Construction Contract, the Trustee shall make payment for such Actual Cost jointly to the Developer and the contractor or supplier of services or, pursuant to the Developer's directions, directly to the contractor or supplier of services. If the Developer provides a copy of a paid invoice evidencing the payment by the Developer of the services covered by a Developer's Payment Request, the Trustee shall pay such Actual Cost directly to the Developer.

(iii) If the City's Payment Request is for the Actual Cost of a City Procured Facility attributable to costs under any Construction Contract, the Trustee shall make payment for such Actual Cost directly to the general contractor or supplier of materials or services or jointly to the City and the general contractor or supplier of materials or services, as indicated in the City's Payment Request. Upon such payment, the City or the Developer shall provide to the Trustee an unconditional lien release for the work covered by such City's Payment Request relating to a City Procured Facility for which a general contractor or supplier of materials or services may have a mechanic's lien on the City Procured Facility.

(iv) If the City's Payment Request is for the Actual Cost of a City Procured Facility not attributable to costs under any Construction Contract, the Trustee shall make payment for such Actual Cost directly to the contractor or supplier services or jointly to the City and the contractor or supplier of services, as indicated in the City's Payment Request. If the City provides a copy of a paid invoice evidencing the payment by the City of the services covered by a City's Payment Request, the Trustee shall pay such Actual Cost directly to the City.

(v) If the Developer advanced any of its own funds for the payment of any Actual Cost of any City Procured Facility and the Developer provides a copy of a paid invoice evidencing such payment and, for any Actual Cost of a City Procured Facility attributable to costs under any Construction Contract, an unconditional lien release, the Trustee shall reimburse the Developer for such Actual Costs, as indicated in the City's Payment Request.

(vi) Notwithstanding anything to the contrary contained in this Section 6.06, the Trustee shall directly reimburse the Developer for any Actual Cost of a Developer Procured Facility or a City Procured Facility incurred by the Developer through the Closing Date if (i) with respect to a Developer Procured Facility or a City Procured Facility which may be subject to mechanic's or materialman's liens and/or judgments, the Developer produces the general contractor's lien waivers, invoices marked paid by the applicable contractor, cancelled checks or other evidence satisfactory to the City and the Original Purchaser that there are no mechanic's or materialman's liens and/or judgments with respect to work for which such reimbursement is sought and (ii) with respect to a City Procured Facility not subject to mechanic's or materialman's liens and/or judgments, the Developer produces cancelled checks evidencing reimbursement by the Developer to the City of the Actual Costs of such City Procured Facility.

Notwithstanding anything to the contrary contained in this Section 6.06, in the event the Developer enters at any time into a Construction Contract for a City Procured Facility with the contractor thereof and incurs any Actual Costs in connection with such Construction Contract, a related contract, or such City Procured Facility, the Trustee shall directly reimburse the Developer for any such Actual Cost if the Developer produces the general contractor's lien waivers, invoices marked paid by the applicable contractor, cancelled checks or other evidence satisfactory to the City that there are no mechanic's or materialman's liens and/or judgments with respect to work for which such reimbursement is sought. The Developer shall assign to the City its rights and obligations under any Construction Contract for a City Procured Facility entered into by the Developer and the contractor thereof.

(b) Withholding Payments.

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanic's or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto so long as such delay in performance shall not subject the Developer Procured Facilities or the City Procured Facilities, as appropriate, to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Developer Procured Facilities is contested, the Developer shall be required to post or cause the delivery of a bond in an amount determined by the City.

ARTICLE VII

OWNERSHIP AND TRANSFER OF DEVELOPER PROCURED FACILITIES

Section 7.01. Developer Procured Facilities to Be Owned By the City - Title Evidence. The Developer shall furnish to the City a preliminary title report for land with respect to Developer Procured Facilities to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least 30 calendar days prior to the transfer of title to a Developer Procured Facility to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the Developer Procured Facility until the Developer has cured such objections to title to the satisfaction of the City.

Section 7.02. Developer Procured Facilities Constructed on City Land or Developer Land. If the Developer Procured Facilities to be acquired and accepted are on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to the construction (and maintenance pending acquisition and acceptance) of the Developer Procured Facilities. The provisions for inspection and acceptance of such Developer Procured Facilities otherwise provided herein shall apply. If this Agreement is terminated pursuant to Article IX hereof and the City elects to complete any of the Developer Procured Facilities, if such Developer Procured Facilities are on land owned by the Developer, the Developer hereby grants to the City a

license to enter upon such land for purposes related to the construction and maintenance of such Developer Procured Facilities.

ARTICLE VIII

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 8.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer is a limited liability company duly organized and validly existing under the laws of the State of Maryland, is in compliance with the laws of the State of Maryland, and has the power and authority to own its properties and assets and to carry on its business in the State of Maryland as now being conducted and as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Developer in the District or the Developer Procured Facilities in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Developer Procured Facilities.

(e) Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Improvement Fund for the acquisition of any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Developer's Payment Requests and the City's Payment Requests.

(f) Financial Records. Until the completion of the Developer Procured Facilities, the Developer covenants to maintain proper books of record and account for the construction of the Developer Procured Facilities and all costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agent at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Facilities have been or will be constructed in full compliance with such Plans

and any change orders thereto consistent with the Act, and the Ordinance, as approved in the same manner.

(h) Land Sales. The Developer agrees that in the event that it sells any land owned by it within the boundaries of the District, the Developer will notify the purchaser in writing of the existence of the District, the Special Taxes, and the lien in connection therewith, and otherwise comply with any applicable provision of the Act.

(i) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the Original Purchaser of the Bonds or the City Representative related to the status of construction of improvements within the District, the anticipated completion dates for future improvements and any other matter material to the investment quality of the Bonds.

(j) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to Sections 2 and 3 of the Continuing Disclosure Agreement executed by the Developer in connection with the Series 2006 Bonds.

(k) Tax Certificate. The City expects to deliver on each date of issuance of each series of Bonds a certificate (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the "Tax Certificate") containing covenants and agreements designed to satisfy the requirements of Sections 103 and 141 through 150, inclusive, of the Code and the income tax regulations issued thereunder and that states the City's reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of Section 148 of the Code (collectively, "Bond Proceeds").

The Developer covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness.

The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including, but not limited to, the use of the Developer Procured Facilities or the City Procured Facilities) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal or Maryland income tax purposes.

(l) Payment of Special Taxes. The Developer acknowledges the rights of the City pursuant to the Tax - Property Article of the Annotated Code of Maryland with respect to the collection of Special Taxes.

(m) Zoning. The Project will not violate any zoning regulations applicable thereto.

(n) City Administrative Fee. The City shall be paid an annual administrative fee in connection with the Series 2006 Bonds (i) equal to 1/8 of 1% of the outstanding principal amount of the Series 2006 Bonds, payable on the Closing Date and on each anniversary of the Closing Date for two years from the Costs of Issuance Fund on the Closing Date and thereafter from the Administrative Expense Fund; (ii) thereafter, equal to $10,000 payable on each anniversary of the Closing Date until all property in the District is classified as Developed Property (as defined in the Rate and Method) from the Administrative Expense Fund; and (iii) thereafter, equal to $5,000 payable on each anniversary of the Closing Date until this Agreement is terminated or the Series 2006 Bonds are paid or defeased in full from the Administrative Expense Fund.

(o) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under the Approval Documents and this Agreement.

Section 8.02. Indemnification and Hold Harmless. The Developer shall assume the defense of, indemnify and save harmless the Inspector, the City, officers, employees and agents of the City, and each of them (each an "Indemnified Party"), from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Agreement by the Developer, the negligent design, engineering and/or construction by the Developer or any architect, engineer or contractor hired by the Developer of any of the Developer Procured Facilities acquired from the Developer hereunder, the Developer's nonpayment under contracts between the Developer and its consultants, engineers, advisors, contractors, subcontractors and suppliers in the provision of the Developer Procured Facilities, or any claims of persons employed by the Developer or its agents to construct the Developer Procured Facilities. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable to the gross negligence or willful misconduct of any Indemnified Party.

Section 8.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Improvement Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all the Facilities, the City agrees not to modify or supplement the Indenture without the approval of the Developer if as a result or as a consequence of such modification or supplement (a) the amount of monies that would otherwise have been available under the Indenture for disbursement for the Actual Costs of the Facilities is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer is or may be increased or otherwise adversely affected in any manner, or (c) the rights of the Developer is or may be modified, limited, restricted or otherwise adversely affected in any manner.

Section 8.04. No Reduction of Special Taxes. The Developer agrees not to take any action or actions to reduce the total amount of Special Taxes to be levied with respect to property owned by the Developer in the District from the total amount of such Special Taxes to be levied as of the effective date of this Agreement unless the Administrator determines that such reduction is not material.

Section 8.05. Notice of Special Tax Prepayments. The City shall notify, or cause to be notified, the Developer promptly after the receipt by the City of any Special Tax Prepayments.

ARTICLE IX

TERMINATION

Section 9.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Developer Procured Facilities not accepted by the City or other appropriate entity and use all or any portion of funds on deposit in the Improvement Fund or other amounts transferred to the Improvement Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Actual Costs of Developer Procured Facilities hereunder, except as otherwise may be provided in such written consent.

Section 9.02. City's Election for Cause. The City, at its option, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

If any such event occurs, the City shall give written notice of its knowledge thereof to the Developer, and the Developer agrees to meet and confer with the Inspector and other appropriate City staff and consultants as to options available to assure timely completion, subject to the terms of this Agreement, of the Developer Procured Facilities and the City Procured Facilities. Such options may include, but not be limited to, the termination of this Agreement by the City. If the City elects to terminate this Agreement, the City shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) of the grounds for such termination and allow the Developer a minimum of 45 days to eliminate or mitigate to the satisfaction of the City the grounds for such termination. Such period may be extended, at the reasonable discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the City, the City may then terminate this Agreement. In the event of the termination of this Agreement, the Developer is entitled to reimbursement for work accepted by the City related to the Developer Procured Facilities undertaken prior to the termination date of this Agreement solely from the Improvement Fund according to the terms and conditions set forth in this Agreement.

Notwithstanding the foregoing, so long as the Developer has breached any material covenant or defaulted in the performance of any material obligation hereunder, notice of which has been given by the City to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the City may in its discretion cause the Trustee to cease making payments for the Actual Costs of Developer Procured Facilities under Article VI hereof, provided that the Developer shall receive payment of the Actual Costs of any Developer Procured Facility that was accepted by the City at the time of the occurrence of such breach or default by the Developer upon submission of the documents and compliance with the other applicable requirements of this Agreement.

In the event that this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Developer Procured Facilities not accepted by the City and use all or any portion of the funds on deposit in the Improvement Fund or other amounts transferred to the Improvement Fund and the Developer shall have no claim or right to any further payments for the Developer Procured Facilities hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer.

Section 9.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or the Developer upon the redemption or defeasance of all Outstanding Bonds issued under the Indenture or any Supplemental Indenture.

Section 9.04. Construction of Improvements Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, upon the termination of this Agreement pursuant to this Article IX, the Developer shall perform its obligations with respect to the Improvements in accordance with the terms of the Approval Documents.

Section 9.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.

ARTICLE X

MISCELLANEOUS

Section 10.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the City's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Improvement Fund and from no other source. Neither the City, the Inspector nor any City employee or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 10.02. Modification to Exhibit A and Exhibit B; Definitions of Developer Procured Facilities and City Procured Facilities. (a) The Developer may modify, without the City's or the Inspector's approval, the description of any Developer Procured Facility on Exhibit A attached hereto for purposes of refining of cost estimates of such Developer Procured Facility based upon actual contracts and final Plans for such Developer Procured Facility. The Developer may also modify the description of any Developer Procured Facility on Exhibit A attached hereto without the City's or the Inspector's approvals, other than approvals required pursuant to the standard construction approval process of the City, if such modification improves such Developer Procured Facility above the minimum standard required therefor or effectuates a change required by a regulator of such Developer Procured Facility. The Developer shall provide notice to the City of each such modification. The payment of the Actual Costs attributable to any such modifications shall be subject to the terms of this Agreement and the Indenture.

(b) Upon request of the Developer, the City shall consider any other modifications of any Developer Procured Facility on Exhibit A attached hereto. Any such modification shall be approved by the City unless such modification would, in the opinion of Bond Counsel, adversely affect the tax-exemption of the interest on any Tax-Exempt Bonds.

(c) Exhibit B attached hereto may be modified by the City, with the prior written consent of the Developer, if, in the opinion of Bond Counsel, such modification would not adversely affect the tax-exemption of the interest on any Tax-Exempt Bonds.

(d) The City will not approve, and the Developer will not propose, any modifications to Exhibits A or modify Exhibit B if such modifications would materially impair the development of the Project.

(e) The City and the Developer may from time to time interchange and merge any of the items listed as the Developer Procured Facilities in Exhibit A and the City Procured Facilities in Exhibit B, respectively, by entering into a Supplement hereto amending Exhibits A and B.

Section 10.03. Audit. The Inspector or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days' prior written notice to a Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Developer Procured Facilities and any bids taken or received for the construction thereof or materials therefor.

Section 10.04. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

City: MAYOR AND COUNCIL OF BRUNSWICK
Brunswick City Hall
1 West Potomac Street
Brunswick, Maryland 21716
Attention: David B. Dunn, City Administrator

Developer: BRUNSWICK CROSSING, LLC
c/o Pleasants Development, Inc.
24012 Frederick Road
Clarksburg, Maryland 20871
Attention: Jerry Connelly, Senior Vice President

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any Inspector who is to receive any notice or other communication pursuant to this Agreement.

Section 10.05. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 10.06. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Agreement shall not be assigned by the Developer without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, except pursuant to a collateral assignment to any person providing construction financing to the Developer for the Developer Procured Facilities provided such person expressly agrees to assume all obligations of the Developer hereunder if there is a default under such financing and such person elects to complete the Developer Procured Facilities. In connection with any consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee's express assumption of all obligations of the Developer hereunder and/or upon any other reasonable factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned and shall not be effective until approved by the City. The City may assign by a separate writing its rights hereunder to the Trustee and the Developer hereby consents to such assignment.

Section 10.07. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations or subdivision requirements relating to the development of the lands in the District, including the Public Works Agreements and the Approval Documents.

Section 10.08. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon

the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 10.09. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 10.10. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 10.11. Amendment. Except as otherwise provided in Section 10.02, this Development Agreement may be amended, from time to time in a manner consistent with the Act and the Ordinance, by written Supplement hereto and executed by both the City and the Developer.

Section 10.12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 10.13. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date, by the parties hereto. All representations and warranties set forth herein shall be deemed to have been made on the Closing Date.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties have executed this Development Agreement as of the day and year first above written.

WITNESS: **BRUNSWICK CROSSING, LLC**

_____ By:_____
William D. Pleasants, Jr.
Manager

ATTEST: **MAYOR AND COUNCIL OF BRUNSWICK**

_____ By:_____
David B. Dunn Carroll A. Jones
City Administrator Mayor

EXHIBIT A
TO CONSTRUCTION
AND FUNDING AGREEMENT

DESCRIPTION OF DEVELOPER PROCURED FACILITIES AND APPLICABLE BUDGETED COSTS

DEVELOPER PROCURED FACILITIES	BUDGETED COSTS*
Water and sewer, and road improvements:	
Right-of-way and easements	$100,000
Local sewer outfall	$2,163,935
Central Avenue	$536,037
Little Catoctin Creek Drive	$312,000
Road improvements to be acquired by the State ("State Highway Facilities"):	
Petersville Road entrance (Maryland Route 17)	$385,011
Jefferson Pike Road entrances (3) (Maryland Route 180)	$1,155,033
US Route 340 westbound interchange	$546,000
Intersection of MD Route 464 and 9th Avenue	$741,000
Maryland Route 17 (Burkitsville Road) Gateway	$4,146,390
Public facilities including trail system and parks	$2,149,776

* Budgeted Costs include 15% contingency, engineering and survey costs, costs of permits, release fees, the Developer's administrative expenses, and inspection fees as further described in the Engineer's Report

EXHIBIT B
TO CONSTRUCTION
AND FUNDING AGREEMENT

DESCRIPTION OF CITY PROCURED FACILITIES AND APPLICABLE BUDGETED COSTS

CITY PROCURED FACILITIES	BUDGETED COSTS*
Water and sewer:	
Wastewater treatment plant (including WWTP Design Contract)	$15,253,765
Booster pump station	$420,000
Elevated water storage tank	$2,218,493
Water treatment plant	$1,912,176
Water mains	$2,560,320
Sewer interceptor	$1,190,280
Redundant rechlorination facility	$85,536
Sensors/transmission equipment at elevated tanks, reservoir, and pump station	$111,672
Receiver, hardware, and software for remote monitoring system	$33,120
Direct reservoir discharge	$30,888
Eliminate low pressure zones	$76,440
Raw material pre-sedimentation basin	$1,433,700

* Budgeted Costs include contingencies in amounts listed in Section 5.04 of the Construction and Funding Agreement, in addition to engineering and survey costs, costs of permits, release fees, the Developer's administrative expenses, and inspection fees as further described in the Engineer's Report

EXHIBIT C
TO CONSTRUCTION
AND FUNDING AGREEMENT

FORM OF PAYMENT REQUEST FOR DEVELOPER PROCURED FACILITIES

PAYMENT REQUEST NO. _____
(DEVELOPER PROCURED FACILITIES)

The undersigned (the "Developer") hereby requests from the Trustee a payment from the Improvement Fund (as defined in the Construction and Funding Agreement dated as of _____, 2006 (the "Funding Agreement") between Mayor and Council of Brunswick (the "City") and Brunswick Crossing, LLC) in the total amount of $_____ with respect to the Developer Procured Facilities (as defined in the Funding Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized officer of the Developer qualified to execute this Payment Request for payment on behalf of the Developer and is knowledgeable as to the matters set forth herein.

2. All costs of the Developer Procured Facilities thereof for which payment is requested hereby are Actual Costs (as defined in the Funding Agreement). The items for which payment is requested have not been the subject of any prior payment request submitted to the Trustee or, if previously requested, no disbursement was made with respect thereto.

3. The Actual Costs for which funding is requested by this Payment Request and amounts of payments by categories corresponding to the categories of Developer Procured Facilities, as such term may be amended from time to time in accordance with the Funding Agreement, set forth in the Funding Agreement are listed in Attachment 1 hereto.

4. The Developer is in compliance with the terms and provisions of the Funding Agreement, and no portion of the amount being requested to be paid was previously paid.

5. The Actual Cost for each Developer Procured Facility (a detailed calculation of which is shown in Attachment 2 hereto for each such Developer Procured Facility) has been calculated in conformance with the terms of Section 6.03 of the Funding Agreement. Supporting documentation (such as third-party invoices) for each Actual Cost to be funded pursuant to this Payment Request is attached to Attachment 2 hereto.

6. The Developer certifies that the disbursement being requested herein is a proper expenditure from the Improvement Fund.

7. All conditions set forth in the Funding Agreement and in the Indenture (as defined in the Funding Agreement) for the payment hereby requested have been satisfied.

8. Payments requested hereunder shall be made as directed in Attachment 2 hereto.

9. If this Payment Request is for Actual Costs of a Developer Procured Facility attributable to costs under a Construction Contract, attached hereto are the required releases by the general contractor of materialsman's and mechanic's liens for work for which payment is hereby requested.

10. To the Developer's best knowledge, information and belief, the work covered hereby has been completed in accordance with the Construction Contracts with respect to the Developer Procured Facilities, all amounts have been paid by the Developer for work for which previous Payment Requests were issued and payments received from the Trustee, and the current payment shown herein is now due.

11. If New Project Fees (as defined in the Funding Agreement) are being disbursed from amounts deposited in the Improvement Fund pursuant to Section 4.02(g) of the Indenture (as defined in the Funding Agreement) either (x) all proceeds of the Series 2006 Bonds (as defined in the Funding Agreement) have been disbursed for the Actual Costs of City Procured Facilities (as defined in the Funding Agreement), or (y) the payment of the Actual Costs of all City Procured Facilities has been assured as provided in Section 5.04 of the Funding Agreement.

I hereby declare that the above representations and warranties are true and correct.

BRUNSWICK CROSSING, LLC

By:_____
Authorized Officer

Date:_____

[Signatures Continue on Following Page]

APPROVAL OF INSPECTOR:

The undersigned hereby approves this Payment Request pursuant to the provisions of Section 6.03(b) of the Funding Agreement. With respect to Actual Costs of a Developer Procured Facility arising under a Construction Contract (as defined in the Funding Agreement) related to such Developer Procured Facility, the undersigned hereby certifies that the Inspector has made a site inspection of the Developer Procured Facility for which a payment is requested hereby and confirmed that the work with respect to such Developer Procured Facility was completed or proportionately completed in accordance with the Plans related thereto (as defined in the Funding Agreement), with the terms of the Funding Agreement and with all applicable governmental permits provided to the Inspector by the Developer. The undersigned further certifies that (i) the payment requested hereby is for Actual Costs (as defined in the Funding Agreement) of a Developer Procured Facility and the Inspector verified such Actual Costs of the Developer Procured Facility specified herein, (ii) the Developer Procured Facility with respect to which payment is requested hereby is correctly described in Attachment 1 hereto, (iii) the payee(s) of amounts requested to be paid hereby is(are) correctly listed in Attachment 2 hereto.

_____, Inspector

By: _____

Date: _____

[TO BE SIGNED ONLY FOR DEVELOPER PROCURED FACILITIES NOT UNDER A CONSTRUCTION CONTRACT]

APPROVAL OF CITY REPRESENTATIVE:

The undersigned hereby approves this Payment Request pursuant to the provisions of Section 6.03(c)(i) of the Funding Agreement. The undersigned certifies that (i) the payment requested hereby is for Actual Costs (as defined in the Funding Agreement) of a Developer Procured Facility not attributable to costs under a Construction Contract (as defined in the Funding Agreement) and the undersigned verified such Actual Costs of the Developer Procured Facility specified herein, (ii) the Developer Procured Facility with respect to which payment is requested hereby is correctly described in Attachment 1 hereto, (iii) the payee(s) of amounts requested to be paid hereby is(are) correctly listed in Attachment 2 hereto.

_____, City Representative
[Mayor] [City Administrator]

Date: _____

[TO BE SIGNED ONLY IF INSPECTOR FAILS TO ACT PURSUANT TO SECTION 6.03(b)]

APPROVAL OF CITY REPRESENTATIVE:

The undersigned hereby approves this Payment Request pursuant to the provisions of Section 6.03(c)(ii) of the Funding Agreement. With respect to Actual Costs of a Developer Procured Facility arising under a Construction Contract (as defined in the Funding Agreement) related to such Developer Procured Facility, the undersigned hereby certifies that s/he has made a site inspection of the Developer Procured Facility for which a payment is requested hereby and confirmed that the work with respect to such Developer Procured Facility was completed or proportionately completed in accordance with the Plans related thereto (as defined in the Funding Agreement), with the terms of the Funding Agreement and with all applicable governmental permits provided to the Inspector by the Developer. The undersigned further certifies that (i) the payment requested hereby is for Actual Costs (as defined in the Funding Agreement) of a Developer Procured Facility and the undersigned verified such Actual Costs of the Developer Procured Facility specified herein, (ii) the Developer Procured Facility with respect to which payment is requested hereby is correctly described in Attachment 1 hereto, (iii) the payee(s) of amounts requested to be paid hereby is(are) correctly listed in Attachment 2 hereto.

_____

_____, City Representative
[Mayor] [City Administrator]

Date: _____

APPROVAL OF ADMINISTRATOR:

The undersigned hereby certifies that s/he reviewed this Payment Request, including all attachments and exhibits hereto, and found it to be in the appropriate form required by the Funding Agreement and the Indenture (as defined in the Funding Agreement). This Payment Request is hereby approved by the undersigned with respect to such form requirements in satisfaction of Section 6.03(d) of the Funding Agreement. The Administrator has not undertaken an independent review of the Developer Procured Facilities relating to this Payment Request.

MUNICAP, INC., Administrator

By: _____

Date: _____

ATTACHMENT 1
PAYMENT REQUEST NO. _____
(DEVELOPER PROCURED FACILITIES)

DEVELOPER PROCURED FACILITIES FOR WHICH PAYMENT IS REQUESTED
AND DRAW AMOUNTS

ACTUAL COSTS OF A DEVELOPER PROCURED FACILITY ATTRIBUTABLE TO COSTS UNDER A CONSTRUCTION CONTRACT RELATED THERETO:

Categories of Developer Procured Facilities	Original Budget	Budget Revisions	Current Budget	Previous Draws Approved	Current Draw	Total Draws Approved	Less Current Retention	Total Approved for Payment	Previous Payments	Total Previous Retentions	Current Payment
Right-of-way and easements	$ 100,000	$	$	$	$	$	$	$	$	$	$
Local sewer outfall	2,163,935										
Petersville Road entrance (Maryland Route 17)	385,011										
Jefferson Pike Road entrances (3) (Maryland Route 180)	1,155,033										
Central Avenue	536,037										
US Route 340 westbound interchange	546,000										
Intersection of MD Route 464 and 9th Avenue	741,000										
Maryland Route 17 (Burkitsville Road) Gateway	4,146,390										
Little Catoctin Creek Drive	312,000										
Public facilities including trail system and parks	2,149,776										
TOTAL:	**$12,235,182**	$	$	$	$	$	$	$	$	$	$

ACTUAL COSTS OF A DEVELOPER PROCURED FACILITY NOT ATTRIBUTABLE TO COSTS UNDER A CONSTRUCTION CONTRACT RELATED THERETO: $_____

ATTACHMENT 2
PAYMENT REQUEST NO. _____
(DEVELOPER PROCURED FACILITIES)

CALCULATION OF ACTUAL COSTS TO BE PAID

1. Total amount of disbursement pursuant to this Payment Request: $_____

2. Reimbursement to the Developer:

Categories of Developer Procured Facilities	Contractor/Supplier	Invoice No.	Date of Payment	Amount
Right-of-way and easements				$
Sub-total				$
Local sewer outfall				$
Sub-total				**$**
Petersville Road entrance (Maryland Route 17)				$
Sub-total				**$**
Jefferson Pike Road entrances (3) (Maryland Route 180)				$
Sub-total				**$**
Central Avenue				$
Sub-total				**$**
US Route 340 westbound interchange				$
Sub-total				**$**
Intersection of MD Route 464 and 9th Avenue				$
Sub-total				**$**
Maryland Route 17 (Burkitsville Road) Gateway				$
Sub-total				**$**

Categories of Developer Procured Facilities	Contractor/Supplier	Invoice No.	Date of Payment	Amount
Little Catoctin Creek Drive				$
Sub-total				$
Public facilities including trail system and parks				$
Sub-total				**$**
Developer Administrative Expenses				$
Inspector's Fee				$
Sub-total				$
TOTAL				**$**

3. Payment to Third-Party Payees or Jointly to the Developer and Third-Party Payees:

Categories of Developer Procured Facilities	Contractor/Supplier	Invoice No.	Payee(s) Name(s) and Address(es)	Amount
Right-of-way and easements				$
Sub-total				$
Local sewer outfall				$
Sub-total				**$**
Petersville Road entrance (Maryland Route 17)				$
Sub-total				**$**
Jefferson Pike Road entrances (3) (Maryland Route 180)				$
Sub-total				**$**
Central Avenue				$
Sub-total				**$**
US Route 340 westbound interchange				$
Sub-total				**$**
Intersection of MD Route 464 and 9th Avenue				$
Sub-total				**$**
Maryland Route 17 (Burkitsville Road)				$

Categories of Developer Procured Facilities	Contractor/Supplier	Invoice No.	Payee(s) Name(s) and Address(es)	Amount
Gateway				
Sub-total				**$**
Little Catoctin Creek Drive				$
Sub-total				**$**
Public facilities including trail system and parks				$
Sub-total				**$**
Developer Administrative Expenses				$
Inspector's Fee				$
Sub-total				$
TOTAL				**$**

The items listed for reimbursement to the Developer or payment to third-party payees are supported by attached copies of invoices or statements.

EXHIBIT D
TO CONSTRUCTION
AND FUNDING AGREEMENT

FORM OF PAYMENT REQUEST FOR CITY PROCURED FACILITIES

PAYMENT REQUEST NO. _____
(CITY PROCURED FACILITIES)

The undersigned (the "Developer") hereby requests from the Trustee a payment from the Improvement Fund (as defined in the Construction and Funding Agreement dated as of _____, 2006 (the "Funding Agreement") between Mayor and Council of Brunswick (the "City") and Brunswick Crossing, LLC) in the total amount of $_____ with respect to the City Procured Facilities (as defined in the Funding Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized officer of the Developer qualified to execute this Payment Request for payment on behalf of the Developer and is knowledgeable as to the matters set forth herein.

2. All costs of the City Procured Facilities thereof for which payment is requested hereby are Actual Costs (as defined in the Funding Agreement). The items for which payment is requested have not been the subject of any prior payment request submitted to the Trustee or, if previously requested, no disbursement was made with respect thereto.

3. The Actual Costs for which funding is requested by this Payment Request and amounts of payments by categories corresponding to the categories of City Procured Facilities, as such term may be amended from time to time in accordance with the Funding Agreement, set forth in the Funding Agreement are listed in Attachment 1 hereto.

4. The Developer is in compliance with the terms and provisions of the Funding Agreement, and no portion of the amount being requested to be paid was previously paid.

5. The Actual Cost for each City Procured Facility (a detailed calculation of which is shown in Attachment 2 hereto for each such City Procured Facility) has been calculated in conformance with the terms of Section 6.04 of the Funding Agreement. Supporting documentation (such as third-party invoices) for each Actual Cost to be funded pursuant to this Payment Request is attached to Attachment 2 hereto.

6. The Developer certifies that the disbursement being requested herein is a proper expenditure from the Improvement Fund.

7. All conditions set forth in the Funding Agreement and in the Indenture (as defined in the Funding Agreement) for the payment hereby requested have been satisfied.

8. Payments requested hereunder shall be made as directed in Attachment 2 hereto.

9. If this Payment Request is for Actual Costs of a City Procured Facility attributable to costs under a Construction Contract, attached hereto are the required releases by the general contractor of materialsman's and mechanic's liens for work for which payment is requested hereby.

10. To the Developer's best knowledge, information and belief, the work covered hereby has been completed in accordance with the Construction Contracts with respect to the City Procured Facilities, all amounts have been paid by or on behalf of the City for work for which previous Payment Requests were issued and payments received from the Trustee, and the current payment shown herein is now due.

11. If New Project Fees (as defined in the Funding Agreement) are being disbursed from amounts deposited in the Improvement Fund pursuant to Section 4.02(g) of the Indenture (as defined in the Funding Agreement) either (x) all proceeds of the Series 2006 Bonds (as defined in the Funding Agreement) have been disbursed for the Actual Costs of City Procured Facilities (as defined in the Funding Agreement), or (y) the payment of the Actual Costs of all City Procured Facilities has been assured as provided in Section 5.04 of the Funding Agreement.

I hereby declare that the above representations and warranties are true and correct.

BRUNSWICK CROSSING, LLC

By:_____
Authorized Officer

Date:_____

[Signatures Continue on Following Page]

APPROVAL OF BRUNSWICK PROJECT MANAGEMENT TEAM:

By:_____
[City Administrator] [City Planning Director]

Date: _____

By:_____
[Authorized Agent of Developer]

Date: _____

APPROVAL OF CITY REPRESENTATIVE:

_____
[Mayor] [City Administrator]

Date: _____

APPROVAL OF ADMINISTRATOR:

The undersigned hereby certifies that s/he reviewed this Payment Request, including all attachments and exhibits hereto, and found it to be in the appropriate form required by the Funding Agreement and the Indenture (as defined in the Funding Agreement). This Payment Request is hereby approved by the undersigned with respect to such form requirements in satisfaction of Section 6.04(f) of the Funding Agreement. The Administrator has not undertaken an independent review of the City Procured Facilities relating to this Payment Request.

MUNICAP, INC., Administrator

By: _____

Date: _____

CITY PROCURED FACILITIES FOR WHICH PAYMENT IS REQUESTED
AND DRAW AMOUNTS

ACTUAL COSTS OF A CITY PROCURED FACILITY ATTRIBUTABLE TO COSTS UNDER A CONSTRUCTION CONTRACT RELATED THERETO:

Categories of City Procured Facilities	**Original Budget**	**Budget Revisions**	**Current Budget**	**Previous Draws Approved**	**Current Draw**	**Total Draws Approved**	**Less Current Retention**	**Total Approved for Payment**	**Previous Payments**	**Total Previous Retentions**	**Current Payment**
Wastewater treatment plant (including WWTP Design Contract)	$15,253,765	$	$	$	$	$	$	$	$	$	$
Booster pump station	420,000										
Elevated water storage tank	2,218,493										
Water treatment plant	1,912,176										
Water mains	2,560,320										
Sewer interceptor	1,190,280										
Redundant rechlorination facility	85,536										
Sensors/transmission equipment at elevated tanks, reservoir, and pump station	111,672										
Receiver, hardware, and software for remote monitoring system	33,120										
Direct reservoir discharge	30,888										
Eliminate low pressure zones	76,440										
Raw material pre-sedimentation basin	1,433,700										
TOTAL:	**$25,326,390**	$	$	$	$	$	$	$	$	$	$

ACTUAL COSTS OF A CITY PROCURED FACILITY NOT ATTRIBUTABLE TO COSTS UNDER A CONSTRUCTION CONTRACT RELATED THERETO: $_____

ATTACHMENT 2
PAYMENT REQUEST NO. _____
(CITY PROCURED FACILITIES)

CALCULATION OF ACTUAL COSTS TO BE PAID

1. Total amount of disbursement pursuant to this Payment Request: $_____

2. Reimbursement to the City:

Categories of City Procured Facilities	Contractor/Supplier	Invoice No.	Date of Payment	Amount
Wastewater treatment plant (including WWTP Design Contract)				$
Sub-total				$
Booster pump station				$
Sub-total				**$**
Elevated water storage tank				$
Sub-total				**$**
Water treatment plant				$
Sub-total				**$**
Water mains				$
Sub-total				**$**
Sewer interceptor				$
Sub-total				**$**
Redundant rechlorination facility				$
Sub-total				**$**
Sensors/transmission equipment at elevated tanks, reservoir, and pump station				$
Sub-total				**$**

Categories of City Procured Facilities	Contractor/Supplier	Invoice No.	Date of Payment	Amount
Receiver, hardware, and software for remote monitoring system				$
Sub-total				$
Direct reservoir discharge				$
Sub-total				**$**
Eliminate low pressure zones				**$**
Sub-total				**$**
Raw material pre-sedimentation basin				**$**
Sub-total				**$**
TOTAL				**$**

3. Payment to Third-Party Payees or Jointly to the City and Third-Party Payees:

Categories of City Procured Facilities	Contractor/Supplier	Invoice No.	Payee(s) Name(s) and Address(es)	Amount
Wastewater treatment plant (including WWTP Design Contract)				$
Sub-total				$
Booster pump station				$
Sub-total				**$**
Elevated water storage tank				$
Sub-total				**$**
Water treatment plant				$
Sub-total				**$**
Water mains				$
Sub-total				**$**
Sewer interceptor				$
Sub-total				**$**

Categories of City Procured Facilities	Contractor/Supplier	Invoice No.	Payee(s) Name(s) and Address(es)	Amount
Redundant rechlorination facility				$
Sub-total				**$**
Sensors/transmission equipment at elevated tanks, reservoir, and pump station				$
Sub-total				**$**
Receiver, hardware, and software for remote monitoring system				$
Sub-total				$
Direct reservoir discharge				$
Sub-total				**$**
Eliminate low pressure zones				**$**
Sub-total				**$**
Raw material pre-sedimentation basin				**$**
Sub-total				**$**
Developer Administrative Expenses				$
Inspector's Fee				$
Sub-total				**$**
TOTAL				**$**

The items listed for reimbursement to the City or payment to third-party payees are supported by attached copies of invoices or statements.

FORMS OF SECURED FUNDS WORKSHEETS

SECURED FUNDS WORKSHEET FOR DEVELOPER PROCURED FACILITIES

	Required Secured Funds			**Balance Available for Secured Funds Obligation**		
Item or Category	Required Secured Funds	Total Draws Approved from Secured Funds	Balance of Costs of Secured Funds	Current Budget	Total Draws Approved	Balance Available in Improvement Fund
	[From City] [Required Secured Funds are the bond amounts required by the City, as reduced for completion, less bonds posted]	[From Payment Request]	[Required Secured Funds less total draws approved]	[From Payment Request] [Budget for any line may not be reduced to less than required Secured Funds unless reduction of Secured Funds is approved]		[Current budget less total draws approved]
Right-of-way and easements						
Local CIP sewer outfall						
Petersville Road entrance (Maryland Route 17)						
Jefferson Pike Road entrances (3) (Maryland Route 180)						
Central Avenue						
US Route 340 westbound interchange						
Intersection of MD Route 464 and 9th Avenue						
Maryland Route 17 (Burkitsville Road) Gateway						
Little Catoctin Creek Drive						
Public facilities including trail system and parks						
Total	[Total Balance of Costs of Secured Funds must equal or exceed balance available in the Improvement Fund]					

SECURED FUNDS WORKSHEET FOR CITY PROCURED FACILITIES

	Required Secured Funds			Balance Available for Secured Funds Obligation		
Item or Category	Required Secured Funds	Total Draws Approved from Secured Funds	Balance of Costs of Secured Funds	Current Budget	Total Draws Approved	Balance Available in Improvement Fund
	[From City] [Required Secured Funds are the bond amounts required by the City, as reduced for completion, less bonds posted]	[From Payment Request]	[Required Secured Funds less total draws approved]	[From Payment Request] [Budget for any line may not be reduced to less than required Secured Funds unless reduction of Secured Funds is approved]		[Current Budget less total draws approved]
Wastewater treatment plant (including WWTP Design Contract)						
Booster pump station						
Elevated water storage tank						
Water treatment plant						
Water mains						
Sewer interceptor						
Redundant rechlorination facility						
Sensors/transmission equipment at elevated tanks, reservoir, and pump station						
Receiver, hardware, and software for remote monitoring system						
Direct reservoir discharge						
Eliminate low pressure zones						
Raw material pre-sedimentation basin						
Total	[Total Balance of Costs of Secured Funds must equal or exceed balance available in the Improvement Fund]					

EXHIBIT F
TO CONSTRUCTION
AND FUNDING AGREEMENT

FORM OF
ASSIGNMENT OF PLANS AND CONSENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and as an inducement for MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland (the "City") to enter into that certain Construction and Funding Agreement dated as of _____, 2006 (the "Funding Agreement") with BRUNSWICK CROSSING, LLC, a Maryland limited liability company (the "Developer"), the Developer hereby assigns and transfers to the City, its successors and assigns, all of the Developer's right, title and interest in and to all Plans (as defined in the Funding Agreement) now existing or as may be prepared by _____ (the "Plans Engineer"). The Plans shall not be used by the City for any purpose other than the construction of the [Developer Procured Facilities] [City Procured Facilities] or other purposes related thereto. [For Plans related to Developer Procured Facilities: The Developer reserves its right to title and interest in and to all Plans for each Developer Procured Facility until the earlier of (1) the conveyance of such Developer Procured Facility by the Developer to the City or (2) the termination of the Funding Agreement pursuant to Article IX thereof.] [For Plans related to City Procured Facilities which have been prepared pursuant to an agreement between the Developer and the Plans Engineer: the Developer reserves its right to use all such Plans in connection with its obligations under the Funding Agreement until the earlier of (1) the completion of such City Procured Facility or (2) the termination of the Funding Agreement pursuant to Article IX of the Funding Agreement.]

If the Plans Engineer delivers to the Developer any Plans for any [Developer Procured Facility] [City Procured Facility] after the date hereof, such Plans shall become automatically subject to the terms of this assignment without any further action by the Developer or the Plans Engineer.

The Developer hereby represents and warrants unto the City that: (i) the list of Plans attached hereto and made a part hereof as Exhibit A is a complete and accurate list of all Plans for the [City Procured Facilities] [Developer Procured Facilities] prepared by the Plans Engineer through the date hereof; (ii) all Plans for the [City Procured Facilities] [Developer Procured Facilities] were and will be prepared by the Plans Engineer; and (iii) the Developer is and, with respect to any Plans for the Developer Procured Facilities delivered after the date hereof, shall be, the sole and exclusive owner of the Plans for the Developer Procured Facilities (subject only to the interest, if any, of the Plans Engineer, therein) and has the right and authority to make this assignment.

This agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Developer and the Plans Engineer have caused this Assignment of Plans and Consent to be executed, under seal, by their duly authorized officers as of the day and year first above written.

WITNESS/ATTEST:

DEVELOPER:

BRUNSWICK CROSSING, LLC

_____

By: _____
William D. Pleasants, Jr.
Manager

Dated: _____, 20__

CONSENT:

The undersigned, as Plans Engineer, hereby consents to the assignment to the City of the Plans referred to above and further agrees that the City, their successors and assigns, shall be authorized to use such Plans, without additional cost or expense, for the construction of the [Developer Procured Facilities] [City Procured Facilities] and other purposes related thereto, free of any claims of proprietary interest by the undersigned.

WITNESS/ATTEST:

PLANS ENGINEER:

_____

_____

By: _____(SEAL)
Name:_____
Title: _____

Dated: _____, 20__

EXHIBIT A
TO ASSIGNMENT OF PLANS ENGINEER'S PLANS AND CONSENT

(List of Plans)

EXHIBIT G
TO CONSTRUCTION
AND FUNDING AGREEMENT

FORMS OF
INSTRUMENTS OF CONVEYANCE OF DEVELOPER PROCURED FACILITIES
TO THE CITY

FORM OF FEE SIMPLE QUITCLAIM DEED

TAX ID# _____

THIS QUITCLAIM DEED is made this ____ day of _____, 2006, by and between _____ ("Grantor") and MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland ("Grantee").

WHEREAS, (describe the facilities to be conveyed); and

WHEREAS, this Quitclaim Deed is made for the purpose of _____.

NOW, THEREFORE, THIS QUITCLAIM DEED WITNESSETH: That for no monetary consideration, but for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged prior to the delivery of these presents, the said Grantor does hereby grant, release, confirm, convey and quitclaim, unto the said Grantee, its successors and assigns, in fee simple, all of Grantor's right, title and interest, if any, in and to the following described parcel of land situate, lying and being in the _____ Election District, Frederick County, State of Maryland, and being more particularly described as follows:

(Legal Description)

BEING a part of the same real estate which was conveyed unto _____, by a Deed from _____, dated _____, and recorded among the Land Records of Frederick County, Maryland, in Liber _____, folio ____.

TOGETHER WITH all and singular the rights, ways, roads, waters, easements, privileges and appurtenances thereunto belonging or in anywise appertaining; SUBJECT to covenants, easements and restrictions of record.

TO HAVE AND TO HOLD the above described real estate and hereby intended to be conveyed, together with the buildings and improvements thereupon erected, made or being, and all and every title, right, privilege, appurtenance and advantage thereunto belonging, or in anywise appertaining, unto and for the proper use, benefit and behalf of _____, its successors and assigns, in fee simple, forever.

WITNESS the hand and seal of the Grantor herein on the day and year first above written.

WITNESS: (NAME OF COMPANY)

_____ BY: _____
Name:
Title:

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the aforesaid, personally appeared _____, _____ of _____, and he/she acknowledged the foregoing instrument to be the act and deed of _____ in such capacity, and he/she did further certify that he/she is duly authorized, as the _____ of _____, to make this acknowledgement on its behalf, further certifying that the consideration stated herein is correct.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

This instrument has been prepared under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Appeals of Maryland.

_____
_____, Attorney

THIS IS A CONVEYANCE TO A POLITICAL SUBDIVISION IN THE STATE OF MARYLAND, AND IS EXEMPT FROM ANY RECORDATION TAXES AND/OR TRANSFER TAXES UNDER SECTION 12-108(a)(iv), SECTION 13-207(a)(1), AND SECTION 13-402.1(b)(2), TAX-PROPERTY ARTICLE, ANNOTATED CODE OF MARYLAND.

FORM OF DEED OF ROADWAY DEDICATION

ELECTION DISTRICT NO. _____

THIS DEED OF ROADWAY DEDICATION is made this ____ day of _____2006, by _____ (hereinafter sometimes referred to as "Grantor") and the MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland (hereinafter sometimes referred to as "Grantee").

WITNESSETH: That for no monetary consideration, but for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged prior to the delivery of these presents, the said _____, Grantor, does hereby grant, convey and dedicate for public use unto the Mayor and Council of Brunswick, a municipal corporation of the State of Maryland, Grantee, its successors and assigns, all of its right, title and interest in and to the following:

1. All of the right-of-way of that certain street situate, lying, and being in Election District No. _____, Frederick County, Maryland, and known as _____, consisting of _____ linear feet of right-of-way, as more particularly described on Exhibit A, attached hereto and made a part hereof; and

2. All of the right-of-way of that certain street situate, lying, and being in Election District No. _____, Frederick County, Maryland, and known as _____, consisting of _____ linear feet of right-of-way, as more particularly described on Exhibit A; and

BEING a part of all and the same real estate which was conveyed unto _____, by a Deed from _____, dated _____, and recorded among the Land Records of Frederick County, Maryland, in Liber _____, folio _____.

TOGETHER WITH, and subject to, all applicable covenants, conditions, restrictions, limitations, rights of way, streets, alleys, reservations, easements, privileges and appurtenances thereunto belonging or in anywise appertaining.

TO HAVE AND TO HOLD the above described real estate unto the Mayor and Council of Brunswick, a municipal corporation of the State of Maryland, its successors and assigns, in fee simple, forever.

AND the Grantor herein does covenant that it will warrant specially the property herein intended to be conveyed and that it will execute such further assurances of the same as may be requisite.

WITNESS the hand and seal of the Grantor on the day and year first above written.

WITNESS:

_____ BY: _____(SEAL)
Name:
Title:

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I hereby certify that on this _____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, _____ of _____, and he did acknowledge the aforegoing Deed to be the act and deed of the said _____, as its _____; at the same time he did make oath in due form of law that the within conveyance is not part of a transaction in which there is a sale, lease, exchange or transfer of all or substantially all of the assets of the said _____; and he did further certify under the penalties of perjury that the actual consideration paid or to be paid for the aforegoing conveyance, including the amount of any mortgage or deed of trust assumed by the Grantee, is in the sum total of $NONE, and that he has the authority to make this acknowledgement on Grantor's behalf.

Witness my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

This instrument has been prepared under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Appeals of Maryland.

_____
_____, Attorney

Approved as to form
And legal sufficiency:

_____

Accepted and approved for recording
this ___day of _____, 2006

_____
_____, Clerk
Frederick County, Maryland

FORM OF DEED OF ROADWAY DEDICATION (STATE HIGHWAY FACILITIES)

SHA 63.11-27 3/1/90	DEED	PAGE 1
Mailing Address	TO	Right of Way Item No.
Records and Research Section	THE STATE OF MARYLAND	
Room 605	TO THE USE OF	
707 North Calvert Street	THE STATE HIGHWAY ADMINISTRATION	SHA Contract No.
Baltimore, Maryland 21202	OF THE	
	DEPARTMENT OF TRANSPORTATION	

_____THIS DEED, made this _____ day of _____ in the year 2006,

by and between _____,

Party of the first part and the STATE HIGHWAY ADMINISTRATION OF THE DEPARTMENT OF TRANSPORTATION, acting for and on behalf of the STATE OF MARYLAND, party of the second part.

WITNESSETH: That for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable considerations paid by the party of the second part unto the party of the first part, receipt whereof is hereby acknowledged, said party of the first part does hereby give, grant, bargain and sell, release, convey and confirm unto the STATE OF MARYLAND TO THE USE OF THE STATE HIGHWAY ADMINISTRATION OF THE DEPARTMENT OF TRANSPORTATION, its successors and assigns, forever in fee simple:

All those pieces or parcels of land situate, lying and being in the City of Brunswick, Frederick County, State of Maryland, and more particularly described as follows, to wit:

1. All that piece or parcel of land shown as "_____", recorded among the Plat (or Land) Records of Frederick County, Maryland, in Plat Book (Liber) _____, page (folio) _____.

2. All that piece or parcel of land shown as "_____", recorded among the Plat (Land) Records of Frederick County, Maryland, in Plat (Liber) Book _____, page (folio) _____.

TOGETHER with the buildings and improvements thereupon erected, made or being and all and every the rights, roads, alleys, ways, waters, privileges, appurtenances and advantages, to the same belonging, or anywise appertaining; RESERVING UNTO the Grantors (if anything) ____.

TO HAVE AND TO HOLD the land and premises above described and mentioned and hereby intended to be conveyed unto the proper use and benefit of the STATE OF MARYLAND TO THE USE OF THE STATE HIGHWAY ADMINISTRATION OF THE DEPARTMENT OF TRANSPORTATION, its successors and assigns, forever in fee simple.

AND the party of the first part covenants that he has neither done, nor suffered to be done, anything to encumber the property hereby conveyed and that they will execute such other and further assurances of same as may be requisite and will specially warrant the herein conveyed property.

IN WITNESS WHEREOF the party of the first part has hereunto set his hand and seal.

WITNESS:

_____(SEAL)

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, and he acknowledged the foregoing instrument to be his act and deed, and at the same time, he did certify under the penalties of perjury that the actual consideration paid or to be paid for the aforegoing conveyance, including the amount of any mortgage or deed of trust assumed by the Grantee, is in the sum total of $NONE.

AS WITNESS MY HAND AND NOTARIAL SEAL, this ___ day of _____ in the year.

_____(SEAL)
NOTARY PUBLIC

My commission expires:_____.

This instrument has been prepared under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Appeals of Maryland.

_____
_____, Attorney

PARCEL I.D. NO.: _____

RECORD LEGAL DESC: L _____ F. _____

GRANTOR: Name
Address

GRANTEE: Maryland State Highway Administration
707 North Calvert Street - Room 605
Baltimore, Maryland 21202

Return Recorded Deed to:
Chief, Records and Research Section
State Highway Administration
707 North Calvert Street - Room 605
Baltimore, Maryland 21202

The undersigned lienholder does hereby join in the aforesaid Deed for the herein described real property, and by the signature of its authorized signatory, does hereby agree to release and convey unto Grantee all of its right, title and interest in the property herein conveyed and does hereby release the property herein conveyed from the lien of its Mortgage dated _____, and recorded among the Land Records of Frederick County, Maryland, in Liber _____, folio _____.

WITNESS: Bank's Name

_____ By:_____(SEAL)
Name:_____
Title: _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, the _____ of _____, and he/she did acknowledge the aforegoing instrument to be the act and deed of _____, and he/she did further certify that he/she is authorized to make this acknowledgment on behalf of _____.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

FORM OF DEED OF EASEMENT/MAINTENANCE COVENANTS AND AGREEMENT FOR STORM DRAIN

Tax ID #_____

DEED OF EASEMENT/MAINTENANCE COVENANTS
AND AGREEMENT FOR STORM DRAIN
ACROSS THE PROPERTY OF
(Describe Property)

THIS DEED OF EASEMENT/MAINTENANCE COVENANTS AND AGREEMENT is made this _____ day of _____, 2006, by _____ ("Grantor"), and the MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland ("Grantee").

WHEREAS, the Grantor is the owner of a certain tract of land located in Frederick County, Maryland, over and across which it is necessary to provide for storm drainage facilities, which may include, but are not limited to, ditches, pipes, inlets and culverts (hereinafter "Facility" or "Facilities"), and access to the Facilities, for the benefit of adjacent and nearby properties, and;

WHEREAS, it is necessary to provide for the future maintenance and inspection of these Facilities.

WITNESSETH: That for and in consideration of the sum of Five Dollars ($5.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the said _____, Grantor, does hereby grant and convey unto the Mayor and Council of Brunswick, a municipal corporation of the State of Maryland, Grantee, and its successors and assigns, the perpetual storm drainage easement(s) and right(s)-of-way shown and described as "_____" containing _____ square feet or _____ acre on EXHIBIT A, attached hereto and made part hereof, through and across the real estate located in the _____ Election District, Frederick County, Maryland, which was conveyed unto _____, by a Deed from _____, dated _____, and recorded among the Land Records of Frederick County, Maryland, in Liber _____, folio _____.

TO HAVE AND TO HOLD said easement(s) and right(s)-of-way, together with the rights and privileges appurtenant to their proper use and benefits, forever, by the Grantee, its successors and assigns.

AND THE GRANTOR, FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, covenants and agrees with the Grantee, its successors and assigns, as follows:

FIRST: That the Grantor will never erect, nor permit to be erected, any building or structure of any nature whatsoever, nor fill, nor excavate, nor plant trees within said easement(s) and right(s)-of-way without the Grantee's prior written consent;

SECOND: That the Grantee, its successors and assigns, shall at all times have a right to enter said easement(s) and right-of-way area(s) for the purpose of inspecting and/or maintaining, repairing or operating the Facilities within said easement(s) and right(s)-of-way, the right of entry to be along the easement area(s) herein designated and along such other boundary lines of Grantor's property as the Grantee may deem necessary; provided, however, that the Grantee's right of entry does not interfere with the Grantor's use or enjoyment of the Grantor's remaining property outside of the easement area(s) described herein, for their intended purpose;

THIRD: The responsibility for the maintenance of the Facilities shall be as set forth in the Inspection and Maintenance Covenants and Agreement attached hereto as EXHIBIT B and incorporated herein by reference as if fully set forth;

FOURTH: The Grantor further covenants and agrees that the easement(s), right(s)-of-way, maintenance covenants and agreements contained herein shall run with the land and shall bind the Grantor, it successors and assigns, and shall bind all present and subsequent owners of the property identified herein;

FIFTH: The Grantor covenants and agrees that all parties having an interest in the property which is subject to this Deed of Easement have executed this document and agreed to the terms hereof; and

SIXTH: The Grantor will warrant specially said easement(s) and right(s)-of-way and shall execute such further assurances thereof as may be requisite.

WITNESS the hands and seals of the parties on the date and year first above written.

WITNESS:

_____ BY: _____(SEAL)
Name:
Title:

GRANTOR

[Signatures Continue on Following Page]

ATTEST:

MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland

_____ BY: _____(SEAL)
Administrative Officer _____, Mayor

GRANTEE

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, _____ of _____, a _____, and he/she acknowledged the foregoing instrument to be the act and deed of _____, as its _____; and he/she did further certify that he/she is duly authorized, as _____ of _____, a _____, to make this acknowledgement on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, _____ of the MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland, and acknowledged the aforegoing instrument to be the act of said body municipal corporation; and at the same time, he/she made oath in due form of law that he/she is the _____ of said municipal corporation and is duly authorized to make this acknowledgment on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

This instrument has been prepared under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Appeals of Maryland.

_____
_____, Attorney

(If there is a LIENHOLDER, the following information must be provided; Trustees must execute).

The undersigned lienholder does hereby agree and consent to this Deed of Easement/Maintenance Covenants and Agreement and does hereby grant and convey the above-stated easement(s) as legal title holder of the herein described property, and does hereby further agree that the terms contained herein shall survive any sale under its _____from _____, unto _____and _____, Trustees for _____ Bank, dated _____, and recorded among the Land Records of Frederick County, Maryland in Liber _____, folio _____. (as amended or modified if necessary)

WITNESS:

_____ _____(SEAL)
_____, Trustee for _____

AND/OR

_____ _____(SEAL)
_____, Trustee for _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, Trustee for _____, and he/she did acknowledge the aforegoing instrument to be his/her act and deed, as said Trustee, for the purposes herein contained, and he did further certify that he/she is authorized to make this acknowledgment on behalf of _____.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, Trustee for _____, and he/she did acknowledge the aforegoing instrument to be his/her act and deed, as said Trustee, for the purposes herein contained, and he did further certify that he/she is authorized to make this acknowledgment on behalf of _____.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: _____

EXHIBIT B

INSPECTION AND MAINTENANCE COVENANTS AND AGREEMENT
STORM DRAINAGE FACILITIES

1. The Grantor, its successors and assigns, covenants and agrees to provide for the maintenance of all of the Facilities in the easement area(s) to ensure that the Facilities are and remain in proper working condition, in accordance with the approved design Plan(s) No. _____ on file with the City of Brunswick Planning and Zoning Department and the Public Works Department, and all applicable standards, rules, regulations, and laws. The Grantor, its successors and assigns, shall perform necessary grass cutting and trash removal as part of regular maintenance.

2. Unless otherwise provided, the person(s) or (entity) having legal title to the particular section of property where any Facility is located is responsible for the maintenance of that Facility. In the event one of the Facilities is located on one or more parcels under different ownerships, the owners of the parcels are responsible for their pro rata share of any maintenance.

3. If necessary, Grantor or its successors or assigns, shall levy regular or special assessments against all present or subsequent owners of property served by the Facility to ensure that the Facility is properly maintained.

4. Upon receipt of notice from the _____ Department of Public Works of any problems or deficiencies in the Facilities to be maintained by Grantor, the Grantor or other responsible party will correct problems as directed by the Department of Public Works. If the requested corrections are not made within thirty (30) days, the Department of Public Works may, at its discretion, perform all the necessary work to bring the Facility into compliance with statutory requirements, and the owner(s) of the land(s) upon which the Facility is located shall be assessed for the cost of the work. If not paid within thirty (30) days, the assessment shall create a lien on the property and may be included in the tax bill for the property on which the Facilities are located and collected as taxes by _____.

5. The Grantor shall indemnify and save the Mayor and Council of Brunswick harmless from any and all claims for damages to persons or property arising from the construction, maintenance, and use of the Facilities.

6. The agreement and covenants contained herein shall apply to and bind the Grantor and its successors and assigns, and shall bind all present and subsequent owners of the property served by the Facilities and on which any Facility is located, for such time as each owner is in title to the property affected by the easements created herein.

7. The Grantor shall promptly notify Mayor and Council of Brunswick if the Grantor transfers the maintenance responsibilities for the Facilities, by providing a copy of the document of transfer signed by all parties.

FORM OF DEED OF WATER & SEWER EASEMENT

Tax ID # _____

DEED OF EASEMENT
WATER & SEWER,
ACROSS THE PROPERTY OF (Describe Property)

THIS DEED OF EASEMENT is made this _____ day of _____, 2006, by _____ ("Grantor"), and the MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland ("Grantee").

WITNESSETH: That for an in consideration of the sum of Five Dollars ($5.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the Grantor does hereby grant and convey unto the Mayor and Council of Brunswick, a municipal corporation of the State of Maryland, and its successors and assigns, the following described perpetual easement(s) for the purposes of constructing, installing, maintaining, replacing, altering and operating a water main or mains and sanitary sewer line or lines, service pipes, manholes, valves and accessory equipment (all hereinafter called "Equipment") through and across the real estate located in the _____ Election District, Frederick County, Maryland, which was conveyed unto _____, by a Deed from _____, dated _____, and recorded among the Land Records of Frederick County, Maryland, in Liber _____, folio _____, which easement(s) is more particularly described as "_____" containing _____ square fee or _____ acre on EXHIBIT A, attached hereto and made a part hereof.

The Grantor and Grantee, for themselves, their successors and assigns, hereby covenant and agree as follows:

A. The sanitary sewer line(s) and water main(s) and all Equipment shall be and remain the property of the Grantee.

B. The Grantee, and its agents, shall have the right of ingress and egress to and from the aforesaid easement area(s), on and across the above-described land of the Grantor; provided, however, that the Grantee shall use existing roadways where possible, and shall minimize damage to growing crops, planted or cultivated fields, streams, lawns, pastures and structures.

C. The Grantee shall have the right to trim, cut, and remove trees, shrubbery, fences, structures or other obstructions or facilities in the easement area(s) deemed by Grantee to interfere with the proper and efficient use of the easement(s) for the purposes herein names; provided, however, that the Grantee, at its own expense, shall restore, as nearly as possible, the Grantor's property to its original condition, including the backfilling of trenches, resurfacing of roadways, and reseeding of lawns and pasture areas, disturbed during original construction or future maintenance, but not the replacement of structures, trees or other obstructions. These provisions regarding the restoration, replacement and reseeding shall be applicable not only during original construction, but also during future maintenance, replacement or removal of any water main(s) and/or sanitary sewer line(s) or Equipment related thereto. The area disturbed in the storm drainage ditch within the easement area(s) shall be sodded as soon as all work within that area is completed.

D. The sanitary sewer line(s) and water main(s) shall be installed below cultivation, and the Grantor reserves the right to construct and maintain roadways over the easement(s) and to make any use of the easement(s) herein granted which is not deemed to be inconsistent with the rights herein conveyed, or with the use of the easement(s) by the Grantee for the purposes name herein. Among other uses deemed to be inconsistent with the use of the easement(s), the Grantor shall not, within the easement area(s), erect any building or other structure, make a fill which will result in more than twelve (12) feet ground cover over an existing or proposed water main or sanitary sewer line, excavate to an extent which will result in ground cover of less than four (4) feet over an existing or proposed water main or sanitary sewer line, or inundate the land with water. Grantor shall provide written notice to Grantee and obtain written permission from Grantee prior to grading or filling the easement area which could result in a change of ground elevation by one foot or more.

E. The Grantor warrants specially said easement(s) and will execute such further assurances thereof as the Grantee may request.

F. Grantor covenants and agrees that all parties having an interest in the property that is subject to this Deed of Easement have executed this document and agreed to the terms hereof.

WITNESS the hands and seals of the parties on the date and year first above written.

WITNESS:

_____ BY: _____(SEAL)
Name:
Title: GRANTOR

ATTEST: MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland

_____ BY: _____(SEAL)
Administrative Officer _____, Mayor GRANTEE

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, _____ of _____, a _____, and he/she acknowledged the foregoing instrument to be the act and deed of _____, as its _____; and he/she did further certify that he/she is duly authorized, as _____ of _____, a _____, to make this acknowledgement on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, _____ of the MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland, and acknowledged the aforegoing instrument to be the act of said body municipal corporation; and at the same time, he/she made oath in due form of law that he/she is the _____ of said municipal corporation and is duly authorized to make this acknowledgment on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

This instrument has been prepared under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Appeals of Maryland.

_____
_____, Attorney

(If there is a LIENHOLDER, the following information must be provided; Trustees must execute).

The undersigned lienholder does hereby agree and consent to this Deed of Easement/Maintenance Covenants and Agreement and does hereby grant and convey the above-stated easement(s) as legal title holder of the herein described property, and does hereby further agree that the terms contained herein shall survive any sale under its _____from _____, unto _____and _____, Trustees for _____ Bank, dated _____, and recorded among the Land Records of Frederick County, Maryland in Liber _____, folio _____. (as amended or modified if necessary)

WITNESS:

_____ _____(SEAL)
_____, Trustee for _____

AND/OR

_____ _____(SEAL)
_____, Trustee for _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, Trustee for _____, and he/she did acknowledge the aforegoing instrument to be his/her act and deed, as said Trustee, for the purposes herein contained, and he did further certify that he/she is authorized to make this acknowledgment on behalf of _____.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, Trustee for _____, and he/she did acknowledge the aforegoing instrument to be his/her act and deed, as said Trustee, for the purposes herein contained, and he did further certify that he/she is authorized to make this acknowledgment on behalf of _____.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: _____

FORM OF DEED OF EASEMENT/MAINTENANCE COVENANTS AND AGREEMENT STORMWATER MANAGEMENT AND STORMWATER MANAGEMENT ACCESS

Tax ID# _____

DEED OF EASEMENT/MAINTENANCE COVENANTS AND AGREEMENT
STORMWATER MANAGEMENT AND STORMWATER MANAGEMENT ACCESS
ACROSS THE PROPERTY OF _(DESCRIBE THE PROPERTY)_____

This Deed of Easement/Maintenance Covenants and Agreement is made this _____ day of _____, 2006, by and between _____ ("Grantor"), and the MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland ("Grantee").

WHEREAS, the Grantor is the owner of certain tracts of land located in Frederick County, Maryland, over and across which it is necessary to provide for stormwater management systems which may include, but are not limited to, ditches, pipes, inlets, ponds and culverts (hereinafter "Facilities" or "Facility"), and access to the Facilities, for the benefit of adjacent and nearby properties, and;

WHEREAS, it is necessary to provide for the future maintenance and inspection of these Facilities; and

WITNESSETH that for and in consideration of the sum of Five Dollars ($5.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the Grantor does hereby grant and convey unto the Mayor and Council of Brunswick, a municipal corporation of the State of Maryland, its successors and assigns, the perpetual stormwater management easement(s), stormwater management access easement(s), and right(s)-of-way as described on EXHIBIT A, attached hereto and made a part hereof, through and across the real estate located in Frederick County, Maryland, being part of the parcel of land which was conveyed unto _____, by a Deed from _____, dated _____, and recorded among the Land Records of Frederick County, Maryland, in Liber _____, folio _____.

TO HAVE AND TO HOLD said easement(s) and right(s)-of-way, together with the rights and privileges appurtenant to their proper use and benefits, forever, by the Grantee, its successors and assigns.

AND THE GRANTOR, FOR ITSELF, ITS SUCCESSORS AND ASSIGNS, covenants and agrees with the Grantee, its successors and assigns, as follows:

FIRST: That the Grantor will never erect nor permit to be erected any building or structure of any nature whatsoever, nor fill, nor excavate, nor plant trees within said easement(s) and right(s)-of-way without the Grantee's prior written consent;

SECOND: That the Grantee, its successors and assigns, shall at all times have a right to enter said easement and right-of-way area(s) for the purposes of inspecting and/or maintaining, repairing or operating the Facilities within said easement(s) and right(s)-of-way, the right of entry to be within the easement area(s) shown on EXHIBIT A hereto.

THIRD: The responsibility for the maintenance of the Facilities shall be as set forth in the Maintenance Covenants and Agreement attached hereto as EXHIBIT B and incorporated herein by reference as if fully set forth;

FOURTH: The Grantor further covenants and agrees that the easement(s), right(s)-of-way, maintenance covenants and agreements contained herein shall run with the land and shall bind the Grantor and its successors and assigns and shall bind all present and subsequent owners of the property identified herein;

FIFTH: The Grantor covenants and agrees that all parties having an interest in the property which is subject to this Deed of Easement have executed this document and agreed to the terms hereof; and

SIXTH: The Grantor will warrant specially said easement(s) and right(s)-of-way and shall execute such further assurances thereof as may be requisite.

WITNESS:

_____ BY: _____(SEAL)
Name:
Title:

GRANTOR

[Signatures Continue on Following Page]

ATTEST: MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland

_____ BY: _____(SEAL)
Administrative Officer _____, Mayor

GRANTEE

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, _____ of _____, a _____, and he/she acknowledged the foregoing instrument to be the act and deed of _____, as its _____; and he/she did further certify that he/she is duly authorized, as _____ of _____, a _____, to make this acknowledgement on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

STATE OF MARYLAND, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 2006, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, _____ of the MAYOR AND COUNCIL OF BRUNSWICK, a municipal corporation of the State of Maryland, and acknowledged the aforegoing instrument to be the act of said body municipal corporation; and at the same time, he/she made oath in due form of law that he/she is the _____ of said municipal corporation and is duly authorized to make this acknowledgment on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires:

This instrument has been prepared under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Appeals of Maryland.

_____
_____, Attorney

(If there is a LIENHOLDER, the following information must be provided; Trustees must execute).

The undersigned lienholder does hereby agree and consent to this Deed of Easement/Maintenance Covenants and Agreement and does hereby grant and convey the above-stated easement(s) as legal title holder of the herein described property, and does hereby further agree that the terms contained herein shall survive any sale under its _____from _____, unto _____and _____, Trustees for _____ Bank, dated _____, and recorded among the Land Records of Frederick County, Maryland in Liber _____, folio _____. (as amended or modified if necessary)

WITNESS:

_____ _____(SEAL)
_____, Trustee for _____

AND/OR

_____ _____(SEAL)
_____, Trustee for _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, Trustee for _____, and he/she did acknowledge the aforegoing instrument to be his/her act and deed, as said Trustee, for the purposes herein contained, and he did further certify that he/she is authorized to make this acknowledgment on behalf of _____.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 2006, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____, Trustee for _____, and he/she did acknowledge the aforegoing instrument to be his/her act and deed, as said Trustee, for the purposes herein contained, and he did further certify that he/she is authorized to make this acknowledgment on behalf of _____.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: _____

EXHIBIT B

INSPECTION AND MAINTENANCE COVENANTS AND AGREEMENT
STORMWATER MANAGEMENT FACILITIES

1. The Grantor, its successors and assigns, covenants and agrees to provide for the maintenance of all of the Facilities in the easement area(s) to ensure that the Facilities are and remain in proper working condition, in accordance with the approved Design Plan(s) No. _____ on file with the City of Brunswick Planning and Zoning and Public Works Departments, and all applicable standards, rules, regulations, and laws. The Grantor, its successors and assigns, shall perform necessary grass cutting and trash removal as part of regular maintenance.

2. Unless otherwise provided, the person(s) or (entity) having legal title to the particular section of property where any Facility is located is responsible for the maintenance of that Facility. In the event one of the Facilities is located on one or more parcels under different ownerships, the owners of the parcels are responsible for their pro rata share of any maintenance.

3. If necessary, Grantor, or its successors or assigns, shall levy regular or special assessments against all present or subsequent owners of property served by the Facility to ensure that the Facility is properly maintained.

4. Upon receipt of notice from the _____ Department of Public Works of any problems or deficiencies in the Facilities to be maintained by Grantor, the Grantor or other responsible party will correct problems as directed by the Department of Public Works. If the requested corrections are not made within thirty (30) days, the Department of Public Works may, at its discretion, perform all the necessary work to bring the Facility into compliance with statutory requirements, and the owner(s) of the land(s) upon which the Facility is located shall be assessed for the cost of the work. If not paid within thirty (30) days, the assessment shall create a lien on the property and may be included in the tax bill for the property on which the Facilities are located and collected as taxes by the Mayor and Council of Brunswick.

5. The Grantor shall indemnify and save the Mayor and Council of Brunswick harmless from any and all claims for damages to persons or property arising from the construction, maintenance, and use of the Facilities.

6. The agreement and covenants contained herein shall apply to and bind the Grantor and its successors and assigns, and shall bind all present and subsequent owners of the property served by the Facilities and on which any Facility is located, for such time as each owner is in title to the property affected by the easement(s) created herein.

7. The Grantor shall promptly notify the Mayor and Council of Brunswick if the Grantor transfers the maintenance responsibilities for the Facilities, by providing a copy of the document of transfer signed by all parties.

CONSTRUCTION AND FUNDING AGREEMENT

by and between

MAYOR AND COUNCIL OF BRUNSWICK

and

BRUNSWICK CROSSING, LLC

CITY OF BRUNSWICK, MARYLAND
SPECIAL OBLIGATION BONDS
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

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APPENDIX C

ENGINEER'S REPORT

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Brunswick Crossing Special Tax District

Brunswick Election District #25

City of Brunswick

Frederick County, Maryland

ENGINEER'S REPORT on
INFRASTRUCTURE IMPROVEMENTS
and
ESTIMATE OF DEVELOPMENT COSTS

July 31, 2006

Prepared for Banc of America Securities

Prepared by

Macris, Hendricks and Glascock, P.A.
9220 Wightman Road, Suite 120
Montgomery Village, MD 20886-1279
301-670-0840 voice
301-948-0693 fax

BRUNSWICK CROSSING SPECIAL TAX DISTRICT
CITY OF BRUNSWICK
FREDERICK COUNTY, MARYLAND

ENGINEER'S REPORT ON INFRASTRUCTURE IMPROVEMENTS and ESTIMATE OF DEVELOPMENT COSTS

I. GENERAL DESCRIPTION

A. Purpose: This report, prepared and/or reviewed by Macris, Hendricks and Glascock, P.A. (the Engineer), provides a description of the public improvements proposed to be partially funded with proceeds from the bonds issued by the Mayor and Council of Brunswick (the City) for the Brunswick Crossing Special Tax District (District) and gives an opinion of the probable development costs for those improvements, as well as the planned developer-financed infrastructure and amenity improvements for the Project included within and benefiting the District. This report includes an overview of the status of development approvals, construction phasing, ownership and maintenance of District and developer funded facilities.

B. Location: The District, located within the City, is comprised of all or portions of the Hope, Enfield and Long farms located on the east side of Jefferson Pike and the south side of Burkittsville Road within the Brunswick Election District of Frederick County, Maryland (the Project), as shown on **Exhibit 1-Vicinity Map** and is owned and being developed entirely by Brunswick Crossing, LLC (the Project Owner). The District is located approximately 15 miles southwest of Frederick and the Montgomery County I-270 technology corridor. Access to the District from Frederick and the I-270 corridor is provided via Maryland Route 340 (MD 340), a dual-divided state highway. The District is located a quarter mile east of the MD 340 & Maryland Route 17 full movement interchange and accessed by Maryland Route 17. The District is also accessed by MD Route 180 which borders the District to the west. Rail access to the District is provided via the MARC train station located in the City (approximately ½ mile from the District) and provides weekday commuter access to the Washington D.C. Metro area.

C. District Boundaries & Entities: **Exhibit 2-Boundary Map and Land Use Plan** delineates the boundaries of the District which consists of 552.7 total acres as summarized below:

Special Tax District Property Ownership, Zoning and Acreage				
Owner	**Acres**	**Zoning ***	**Tax ID**	**Parcel**
Brunswick Crossing, LLC	**248.7**	**R1, R2, GC, OR**	**25-489047**	**Parcel 29**
Brunswick Crossing, LLC	**205.0**	**R1, R2, GC, OR**	**25-489055**	**Parcel 23**
Brunswick Crossing, LLC	**97.8**	**RS/OS**	**25-480511**	**Parcel 879**
Brunswick Crossing, LLC	**1.2**	**R2**	**25-489063**	**Parcel 259**
TOTAL – CDA	**552.7**			

* City of Brunswick Zoning Designations

R1 – Low Density Residential
RS – Residential Suburban
GC – General Commercial
R2 – Medium Density Residential
OS – Open Space
OR – Office/Research

Development plans for the District have been submitted and marketed as "BRUNSWICK CROSSING".

D. Development Approval Status: The residentially zoned properties within the District are being developed utilizing the Planned Unit Development (PUD) zoning overlay. The PUD overlay facilitates the development of comprehensive planned communities by providing flexibility with regard to unit types and lot sizes to meet the varying market needs, allowing maximization of green space and recreational opportunities, preserving natural topography and resources, and promoting the efficient utilization of the land areas resulting in smaller networks of utilities and streets.

The District has been granted approval by the City for 1,505 residential units based upon the zoning densities and acreages for the various parcels listed above. The remainder of the District is zoned for General Commercial (25.8 acres) projected to yield approximately 210,900 square feet of retail commercial and Office Research (12.0 acres) projected to yield approximately 178,100 square feet of office/research.

Exhibit 2-Boundary Map and Land Use Plan is a composite plan of the approved land uses within the District. The approved land use mix for the PUD and commercial area is included herein as **Table 1 – Residential and Commercial Land Use Mix.**

PROJECT DEVELOPMENT FLOW CHART AND STATUS

DEVELOPMENT APPROVAL	APPROVAL STATUS	APPROVAL DATE
ANNEXATION		
Annexation of Property	Approved	March 26, 2002
PUD PHASE I		
Phase I – Justification Phase	Approved	October 28, 2003
PUD PHASE II		
Phase II – Plan Development / APFO Testing	Approved	May 24, 2004
PUD PHASE III		
Phase III Preliminary Plan for Overall Project	Approved	June 27, 2005
Detailed Site Plan: Development Phase I *	Under Design	Tentative Submission September 2006
Detailed Improvement Plans: Development Phase I *	Under Design	Pending
Record Plats: Development Phase I *	Under Design	Pending

* Detailed Site Plans, Improvement Plans and Record Plats will be prepared for the remainder of the Project's development phases as set forth in **Table 4 –Tentative Design, Permitting and Construction Schedule** and **Exhibit 10 – Development Phasing Plan.**

Annexation

The City adopted Resolution 02-05 on March 26, 2002, approving the Petition for Annexation for the remaining properties into the Project. The Petition for Annexation includes the Annexation Agreement which sets forth the terms and conditions of the annexation regarding zoning, PUD density, phasing,

water and sewer allocations and reservations, required improvements, public land dedications, adequate public facilities testing, real property tax assessments, and other information regarding the development of the Project.

Phase I

The PUD received its Phase I approval from the City on October 28, 2003. The Phase I approval established the justification for the Project based upon its compatibility with the Master Plan, relationship with existing land uses, and long term compatibility with local development patterns and infrastructure. The Phase I approval also established the total residential unit yield at 1,505 units.

Phase II

The PUD received Phase II approval from the City on May 24, 2004. The Phase II approval included adequacy testing under the City's Adequate Public Facilities Ordinance (APFO). The City utilizes the APFO approval to regulate the amount and timing of development relative to the availability of road, school, sewer and water capacity. A detailed analysis of the Project and its projected impacts on these critical infrastructure components were conducted by the appropriate entities including the Maryland State Highway Administration, Frederick County Public School System (which provides school service to the City) and the City's Department of Public Works. The terms and conditions of the APFO approval between the City and Project Owner are formulated into a document known as the APFO Letter of Understanding (LOU). Under the approved LOU for the project, all 1,505 residential units will be recorded within ten (10) years from the date of APFO approval. The LOU is included herein as **Exhibit 3 – Adequate Public Facilities Letter of Understanding.**

Phase III

1. Preliminary Plan

   The PUD received Phase III Preliminary Plan approval on June 27, 2005. The Phase III Preliminary Plan approval expanded upon the Phase II approval and provided an overall Project layout which included a layout of the road and alley network, the proposed lot sizes, types and building setbacks, the locations of open spaces, recreation areas, community center, trails and other amenities; storm water management facility locations, preliminary water and sewer layouts as well as preliminary grading for the entire site. The Phase III Preliminary Plan also established the phasing schedule for build-out of the PUD. Approval of the Phase III Preliminary Plan represented the last primary overall planning approval required for the PUD. The approved Phase III Preliminary Plan will serve as the basis for design for the detailed site and construction plans. **Table 2, Page 1 – Residential Development/Absorption Phasing Schedule and Table 2, Page 2 – Commercial Development/Absorption Phasing Schedule.**

2. Detailed Site Plans, Improvement Plans and Record Plats for the Individual Development Phases

Detailed site and improvement plans will be designed for each development phase within the PUD. These detailed construction drawings will include grade establishment plans, site grading, storm drain and paving, water and sewer, sediment control, stormwater management and all other required design elements. Upon obtaining plan approval, the Developer will obtain the necessary City and Frederick County grading, street and utility construction permits and associated public works agreements for each development phase and shall provide the necessary financial guarantees to the City for the improvements under such public works agreements. Record plats will then be prepared and recorded for each development phase.

These detailed engineering plans and plats are administratively reviewed by the appropriate governmental agencies including City staff for conformance with existing City Ordinances, City Design Standards and prior Project approvals then forwarded to the City Planning Commission for confirmation and approval as summarized in **Exhibit 7 - City Planning and Zoning Administrator Letter** dated July 21, 2006. Design of Phase I of the PUD is approximately 25% complete with site plan submission scheduled to occur in September, 2006.

A preliminary plan for the general commercial and office/research properties within the District is currently under design. APFO testing for the general commercial and office/research was included with the residential PUD testing. The necessary water, sewer and traffic capacity needed to support the general commercial and office/research sites has been included in the design and is being built with the infrastructure improvements for the residential portion of the District.

The tentative schedule for the design, permitting and construction of infrastructure and onsite development is included herein as **Table 4 –Tentative Design, Permitting and Construction Schedule.**

E. Environmental Permits:

The preliminary environmental site assessment prepared by Macris, Hendricks, and Glasscock, P.A. indicated only limited areas of wetlands within the Project, primarily located within the proposed stream valley buffers for the Project. Representatives from the Project Owner, Engineer, and City have met with the United States Army Corps of Engineers (ACOE) and the Maryland Department of Environment (MDE) on-site to preliminarily evaluate the proposed drainage course impacts (which primarily consist of sewer outfall crossings and are considered temporary impacts) and discuss, in general, the permit requirements and permitting process for the site. The representatives from ACOE

and MDE indicated the proposed impacts appear reasonable, and they do not anticipate the District will incur any problem obtaining the Maryland General Permit.

A detailed wetland and stream delineation was subsequently performed by environmental consultant, McCarthy and Associates, Inc. in conjunction with the preparation of the Project's Joint Federal/State Application for the Alteration of any Floodplain, Waterway, Tidal or Non-tidal Wetland in Maryland Permit. The results of this detailed delineation corresponded with the preliminary site assessment indicating only limited area's of wetlands located within the stream valley buffers. The location of these wetlands and streams are in non-buildable areas previously set aside and designated as open space/ green areas during the planning process. As such, the limited wetland and stream areas will not impact the Project's layout, density or lot yield.

The proposed impacts to these limited wetland areas primarily consist of sewer outfall crossings. These underground utility crossing are very common to the majority of sewer outfalls and are considered only temporary disturbances by MDE and the ACOE. The limited permanent impacts (mainly associated with road crossings) fall well under the allowable disturbance permitted by the Maryland General Permit. With finalization and submission of the Joint Application in August, receipt of the Maryland General Permit/Letter of Authorization is expected in February, 2007. See **Exhibit 8 - McCarthy and Associates, Inc. Letter** dated July 26, 2006.

A natural resources inventory plan of the District which delineates existing natural environmental features of the site including forests, steep slopes, drainage courses, wetlands, and other environmental features was prepared in conjunction with the Phase II PUD approval. A preliminary forest conservation plan was also prepared in conjunction with obtaining Phase II PUD approval. A final forest conservation plan, stormwater quantity and quality management plan and sediment control plan will be prepared and approved by the City and County for each Project phase along with the other required construction drawings (street grade establishment, paving, water and sewer, etc.) The appropriate permits, including sediment control, grading and street construction, will be obtained from the City and County for each development phase in conjunction with the plan approvals.

F. Existing Regional Infrastructure and Needed Improvements:

The City owns and operates the necessary lines, tanks, and plant facilities to provide public water and sewer services to its residents. These services will be extended/expanded to provide public City service within the District. The City's existing water and sewer system requires the following major infrastructure improvements to provide the expanded service within the District: (a) upgrade and expansion of the City's Wastewater Treatment Plant; (b) upgrade and expansion of the City's Water

Treatment Plant; (c) construction of an additional Elevated Water Storage/Booster Pump Station Facility; (d) construction of a Pre-sedimentation Basin; and (e) construction of additional Water and Sewer Transmission Mains. Proceeds from the bond issue will fund these required water and sewer improvements.

Principal access to the District will be from Maryland Route 340, a four-lane divided highway, via an existing full movement interchange with MD Route 17, an open-section, two-lane highway. Secondary access to the District is provided by Maryland Route 180 which borders the District to the west. A detailed traffic analysis was performed and reviewed by the Maryland State Highway Administration (MSHA) in conjunction with obtaining APFO approval in March of 2004. The traffic analysis analyzed the existing road network for its ability to serve the projected traffic for the District as well as the future traffic increases from the surrounding region. The report identified two areas with deficient levels of service based upon the increased traffic generation: (i) the intersection of MD Route 17 and MD Route 340 westbound ramp; and (ii) the intersection of MD Route 464 and 9th Avenue. Preliminary engineering of the required improvements/modifications to these areas has been performed and provides acceptable levels of service at both locations. Final engineering for these improvements is currently being performed. Additional improvements to MD Route 17 and MD Route 180 will be designed and constructed in conjunction with the District entrances per MSHA criteria. Central Avenue, a City owned and maintained street located at the southeastern portion of the PUD, will also be upgraded to meet current City design standards.

Electric, phone and cable television (all currently available) and gas are planned for the Project. The extension of these services within the District is currently being coordinated with Allegheny Power, Verizon, Adelphia Cable and Thompson Gas Company, respectively.

G. Right-of-Way Acquisitions: Necessary right-of-way acquisitions for the Project improvements have been obtained except for a 1.81 acre easement proposed for a portion of the off-site sewer outfall. Negotiations for the 1.81 acre easement have been concluded, terms agreed to, and the contract is currently being prepared for execution. Although, it is not anticipated at this time, the City has agreed, with its execution of the Project's Water/Wastewater System Service Agreement dated February 10, 2004, to exercise its condemnation power, if necessary, to obtain any required easements.

H. Phasing & Schedule: Land development and supporting local infrastructure improvements within the District will be phased over of years as shown on **Table 2, Page 1 – Residential Development/Absorption Phasing Schedule and table 2, Page – Commercial Development/Absorption Phasing Schedule.**

II. DESCRIPTION OF INFRASTRUCTURE IMPROVEMENTS

A. Methodology and Summary of Cost Estimates: The improvement cost estimates provided in this report have been prepared and/or reviewed by the Engineer who serves as the primary civil engineering consultant for the development of the Project, in conjunction with the other Project engineering infrastructure design consultants and the Project Owner's management team.

The cost estimates for the Project's major infrastructure improvements (water and wastewater treatment plants, elevated storage/booster pump station, regional water supply and sewer interceptor lines, and regional road improvements) were based upon the projected scope of work for each improvement, utilizing standard industry costs per linear foot, materials and labor appropriate for the Project. All infrastructure improvement estimates include bond, permit, inspection, engineering fees, a 3% administrative fee and required contingency.

The cost estimates for the Project's site development (which includes excavation, sediment control, curb and gutter, sidewalks, paving, water and sewer, stormwater management, amenities, landscaping, etc.) have been estimated by applying standard industry costs per linear foot, historical and other appropriate unit costs to determine typical average per lot development costs. All site development cost estimates include bond, permit, inspection and engineering fees, a 3% administrative fee and 15% contingency.

Residential site improvement costs were calculated based upon historical and projected per lot costs for large and small single-family detached, villa, townhome, and assisted living units within the District. These typical per lot site improvement costs were then applied to the development yield and unit mixes for each phase of the Project. Projected stormwater management costs, access/spine road costs as well as anticipated amenity costs were also calculated to provide the overall site improvement costs for each Project phase. The site improvement costs for the commercial and office sites were calculated based upon anticipated site specific costs as well as historical cost data regarding commercial/ office development

A summary of estimated site development costs for the combined build-out of the District is shown on **Table 3, Page 1 – Summary of Total Residential and GC/OR Development Costs. Table 3, Pages 3 thru 5 provide detail for this Summary.**

B. Infrastructure-Water & Sewer (City and Developer Procured): The District will be served by the extensions of public water and sanitary sewer systems owned and maintained by the City. In order to provide the expanded service to the Project, the following District funded water and sewer

infrastructure improvements are necessary as shown on **Exhibit 4 – Water and Sewer Improvement Plan.**

1) Upgrade and Expansion of the City's Wastewater Treatment Plant: The City's existing wastewater treatment plant is operating at its design capacity of 700,000 gallons per day (gpd) and does not provide Biological Nutrient Removal (BNR) Treatment or Enhanced Nutrient Removal (ENR) treatment currently required by the State of Maryland to meet the Chesapeake Bay Standards. In order to provide capacity for the Project, the existing plant will be expanded to 1.4 million gpd and will be upgraded to provide both BNR and ENR treatment as required to meet the Chesapeake Bay Standards. The design for the upgrade and expansion of the City's Wastewater Treatment Plant is complete and has been approved and permitted for construction by Maryland Department of the Environment (MDE) included herein as **Exhibit 6 – MDE Wastewater Treatment Plant Construction Permit.** Bids have been received and the construction of the wastewater treatment plant is schedule to begin in September, 2006 with an estimated completion date of September, 2007.

2) Upgrade and Expansion of the City's Water Treatment Plant: The City's existing water treatment plant has a water filtering capacity of 1 million gpd. In order to provide the necessary capacity for the Project, the plant will need to be expanded to provide 1.5 million gpd filtering capacity. The increased capacity will be obtained by providing an additional 500,000 gpd filter unit (the existing plant currently operates with two 500,000 gpd filter units). Upgrades to the existing plant's control system, pump capacity, receiver hardware and software for a remote monitoring system at the reservoir and elevated water storage tanks and other improvements will be made to accommodate the increased flows. Design of the water treatment plant expansion and upgrade is approximately 50% complete and is scheduled to be completed in November, 2006. Estimated construction time is approximately 14 months. The existing City water plant does have additional capacity to meet the needs of the first phase of the Project; therefore completing construction prior to the initial phase of the Project's opening is not required.

3) Raw Water Presedimentation Basin: With the significantly increased water usage expected from within the District, MDE has required the City to install a raw water presedimentation basin. This basin will allow any sediment contained in the raw water (withdrawn from the Potomac River) to settle out prior to being treated through the filters at the water treatment plant. This allows the water plant to operate with significantly higher levels of efficiency during periods when the raw river water turbidity is high. The design of the presedimentation basin is approximately 15% complete and is scheduled for completion in March, 2007. Construction of the presedimentation basin utilizes a portion of the existing wastewater treatment plant infrastructure and therefore

cannot proceed until construction of the wastewater treatment plant is approximately 90% complete (projected to be in August, 2007). Construction is anticipated to be completed in April, 2008. Completion of the presedimentation basin is not needed for Phase I of the Project and as such does not delay the overall Project schedule.

4) Elevated Water Storage Tank and Booster Pump Station: The water demands of the Project require the installation of a new 1 million gallon elevated water storage tank. A detailed Water System Expansion Hydraulic Analysis was performed in June, 2006 to determine water main sizing and to evaluate the required water storage elevation to ensure that service pressure and fire flow requirements within the District will meet or exceed City Design Standards. A booster pump station located in the base of the elevated storage tank will lift the water to the tank bowl. The new elevated storage tank will be located on City property adjacent to the City's existing finished water, ground storage reservoir. Other associated improvements to the City's water system at the elevated water storage tank include a redundant rechlorination facility; sensors/transmission equipment, reservoir and pump stations; direct reservoir discharge; and modifications to the existing city pipeline to eliminate a low pressure zone. The design of the elevated storage tank, booster pump station, and other associated improvements is complete and has been reviewed and approved by MDE pending final signoff by the City's Public Works Department anticipated by September, 2006. Construction is anticipated to begin in late October, 2006 with completion scheduled for September, 2007.

5) Water Supply Mains: The City's existing water supply main, which runs from the water treatment plant to the finished water, ground storage reservoir (the water source for the existing and new elevated storage tank) is aged, has problems with tuberculation and has been tapped over the years to provide service to various properties along its route to the reservoir. Therefore, in order to provide the adequate increased flow to serve the District, a dedicated 12" main will be installed from the water treatment plant to the finished water, ground storage reservoir. A dedicated 16" water main will also be installed from the new elevated storage tank to the District to provide water service for the District. Design of the 12" water supply main to the reservoir is complete and is being reviewed by the City. Design of the 16" water supply main is also complete and under review by the City. Plan approval for these supply mains is anticipated for September, 2006. Construction for the water mains is scheduled to commence in November, 2006 with completion scheduled for May, 2007.

6) Sewer Mains: The existing sewer mains serving the west side of the City, where the District's expansion improvements will occur, do not have the capacity to convey the increased flows generated by the Project. Therefore, to extend sewer service to the District, it is necessary to construct a sewer interceptor and sewer main(s) which will collect the sewer from the District system and convey it through the west end of the City to the existing 18" sewer interceptor located in center of the City (Maple Street). Design of the sewer interceptor is completed and under review by the City. Plan approval is expected in September, 2006. Construction is planned to commence in November, 2006, with completion scheduled for June, 2007.

Overall Status of Maryland Department of the Environment (MDE) Approvals of Water and Sewer System Capacity and Infrastructure Improvements

In conjunction with the Project's annexation to the City, Watek Engineering prepared a detailed feasibility study dated July 1, 2001 (rev. January, 2002) entitled "City of Brunswick Water & Wastewater Facilities Expansion for the Brunswick Crossing Development." This study fully analyzed the City's existing water and sewer infrastructure and identified the facilities requiring upgrades to provide adequate capacity for the Project. At the request of the City, Frederick County updated and MDE Department of Planning approved revisions to the regional water and sewer plan which reflect the infrastructure upgrades required to serve the Project. The City has since continued the processing and permitting of the necessary water and sewer infrastructure improvements as documented in **Exhibit 7 - City Planning and Zoning Administrator Letter**. Additionally, per **Exhibit 9 - Brunswick Crossing - City of Brunswick Water/Wastewater System Service Agreement**, the City is obligated to reserve sufficient water and sewer capacity for the complete build-out of the Project. To ensure compliance with this requirement, the City must evaluate and provide the Developer with a copy of the calculations demonstrating the reservation of sufficient system capacity for the Project prior to granting planning, subdivision, site plan, or building permit approvals or Services or Taps to properties other than the Project.

C. Infrastructure- Roadways & Trails (Developer Procured): The roadway network being constructed within the District consists of collector and local streets, including proposed two and four lane divided sections and two and four-lane undivided sections. All public streets will be constructed within platted public rights-of-way, built to City or MSHA specifications and dedicated to the City or the MSHA for public use and maintenance. **Exhibit 5-Roadway and Trail Improvement Plan** delineates the roadway and public trail improvements. The following road improvements will be funded with bond proceeds for the District, to the extent funds are available:

1) The improvements identified in the traffic analysis performed in conjunction with obtaining APFO for the Project, which include:
    a) The intersection of MD Route 17 and US Route 340 westbound ramp, and
    b) The intersection of MD Route 464 and 9th Avenue.
2) The improvement to Central Avenue to meet City Design Standards connecting the southern portion of the Project to the City.
3) The improvements to MD Route 17 (Burkittsville Road) associated with the City's Gateway frontage policies and as required by MSHA entrance requirements.
4) The improvements to MD Route 180 and Petersville Road as required by MSHA entrance requirements.
5) The improvements for Little Catoctin Creek Drive which serves as the regional access to the commercial area.

In addition to funding the above water, sewer and road infrastructure improvements, bond proceeds for the District, to the extent available, are expected to be utilized to construct the public access trails required by the City, which will provide pedestrian access and connectivity from the District to the existing City's central core and park/trail system.

III. FINANCING OF IMPROVEMENT COSTS

A. Eligible Public Improvements: Bond proceeds and any potential grant monies received for the construction of the Wastewater Treatment Plant will substantially finance the eligible public water and sewer, roadway, right-of-ways and easements and trail system infrastructure improvements required for the Project. The Project Owner will fund the costs of these improvements in excess of available bond proceeds and grant monies utilizing private funding sources which are anticipated to include working capital, land sales, installment and contract lot sales, and a development loan. Such improvements will be conveyed or dedicated to the City or other governmental agency.

B. Residential and Commercial Site Improvements: The Project Owner will be responsible for financing and constructing the necessary residential and commercial site improvements within the District.

IV. OPINION OF PROBABLE IMPROVEMENT COSTS

It is my professional opinion that the probable costs for all infrastructure improvements outlined in this report (including both public improvements eligible for District financing and private improvements to be developer financed) will be approximately $129,060,000. **Table 3, Page 1 – Summary of Total Residential and GC/OR Development Costs.**

9/15/06

James A. Ruff, P.E.
Vice President
Macris, Hendricks and Glascock, P.A.

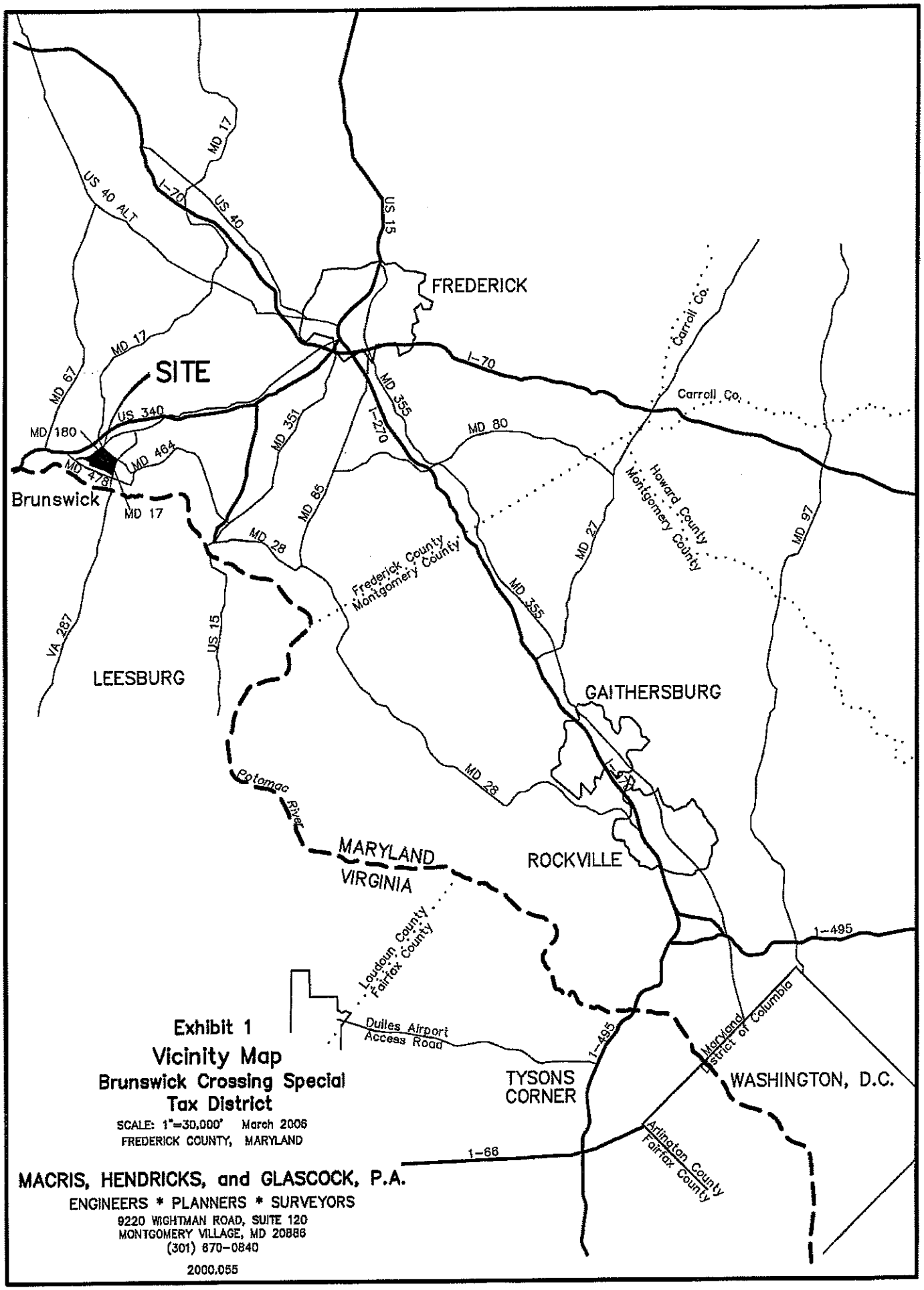


Exhibit 1

Vicinity Map

Brunswick Crossing Special Tax District

SCALE: 1"=30,000' March 2006

FREDERICK COUNTY, MARYLAND

MACRIS, HENDRICKS, and GLASCOCK, P.A.

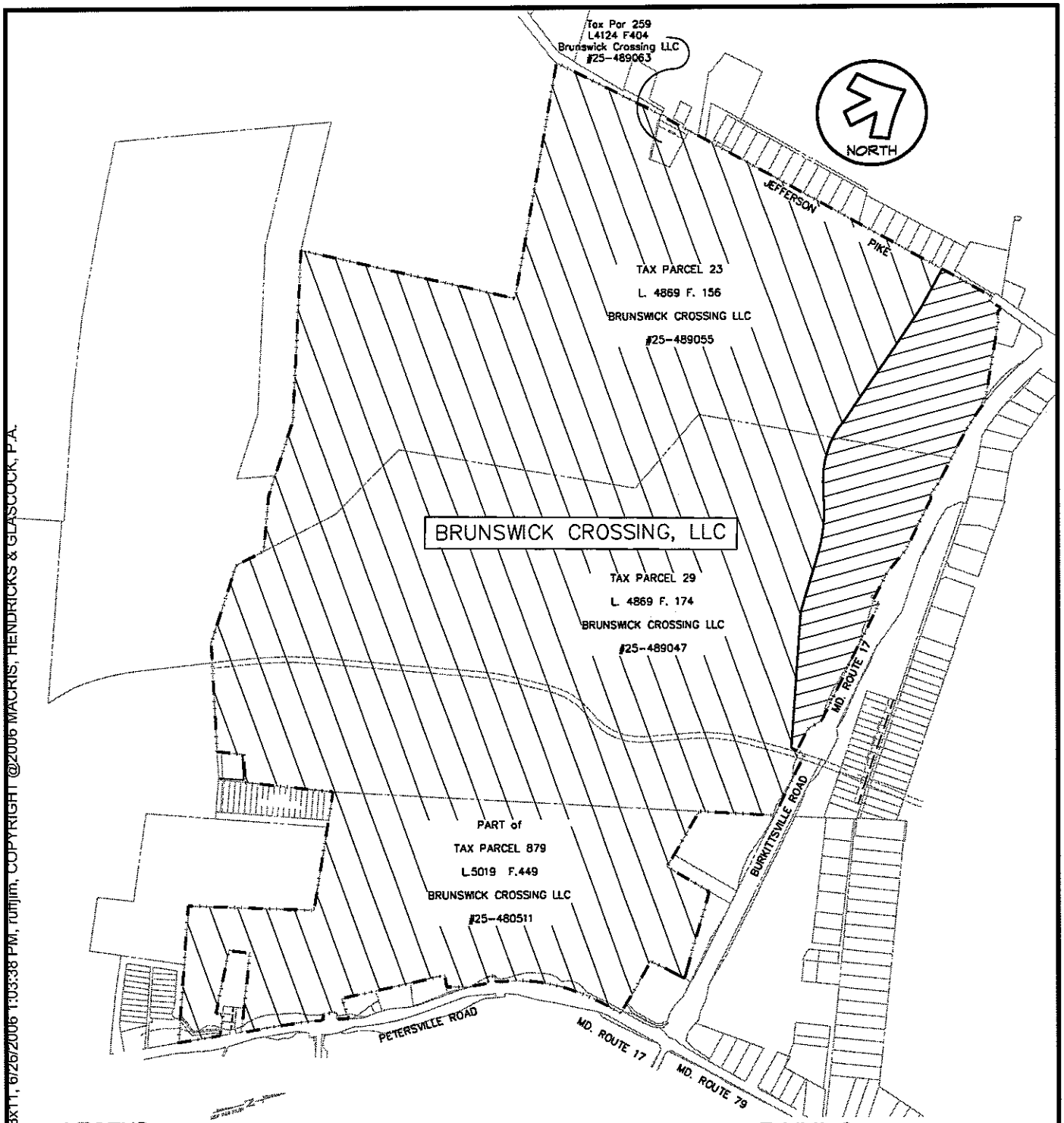
ENGINEERS * PLANNERS * SURVEYORS

9220 WIGHTMAN ROAD, SUITE 120

MONTGOMERY VILLAGE, MD 20886

(301) 670-0840

2000.055



LEGEND

PUD Overlay Zone

Brunswick Crossing Special Tax District Boundary

General Commercial/ Office Research Zone

Exhibit 2

Boundary Map and Land Use Plan

Brunswick Crossing Special Tax District

SCALE: 1"=1000' March 2006

FREDERICK COUNTY, MARYLAND

MACRIS, HENDRICKS, and GLASCOCK, P.A.

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9220 WIGHTMAN ROAD, SUITE 120

MONTGOMERY VILLAGE, MD 20886

(301) 670-0840

2000.055

I:\2000\55\dwg\CDA_TS_00.dwg, 8x11, 6/26/2006 1:03:38 PM, rumjim, COPYRIGHT @2006 MACRIS, HENDRICKS & GLASCOCK, P.A.

Exhibit 3

ADEQUATE PUBLIC FACILITIES LETTER OF UNDERSTANDING
BRUNSWICK CROSSING, LLC
BRUNSWICK CROSSING PUD – PHASE II

The following Letter of Understanding ("Letter") between the City of Brunswick Planning Commission ("Commission") and Brunswick Crossing, LLC, a Maryland limited liability company ("Developer"), or its successors or assigns, sets forth the conditions and terms which the Commission deems to be the minimum necessary improvements or capacities dealing with roads, water facilities, sewerage facilities and schools that will be available for the property described below and known as Brunswick Crossing Planned Unit Development ("the PUD") to be developed in compliance with Section 1.11 and Articles 2, 3, 4 and 5 of the City of Brunswick Adequate Public Facilities Ordinance ("APFO"), as adopted on March 29, 1999, as amended, and the approved Phase II PUD Plan. These improvements and the timetable for completion of the improvements are in response to the Developer's Option Letter submitted by Developer to the Commission dated March 26, 2004, a copy of which is attached hereto as **"Exhibit A"**. Developer hereby agrees and understands that unless the below described improvements for roads, water facilities and sewerage facilities are in place or a phasing schedule for their construction has been approved, development will not be permitted to proceed until the above conditions are met or until a revised Letter is approved by the Commission.

This letter concerns itself with the residentially zoned portion of Developer's 552.7 acre parcel(s) of land which is comprised of all or portions of the Hope, Enfield and Long farms located on the east side of Jefferson Pike and the south side of Burkittsville Road, in the City of Brunswick ("Property"). The underlying zoning classifications for the Property are R1, R2, RS and OS. On October 28, 2003, the Mayor and Council of the City of Brunswick approved an application for a Phase I PUD Plan for the Property which established a maximum density of 1,505 residential units in accordance with the Annexation Agreement dated March 26, 2002 ("Annexation Agreement"), a copy of which is attached hereto as **"Exhibit B"**. On May 24, 2004, the Commission approved a Phase II PUD Plan for the Property and granted conditional APFO approval for the PUD over a period of ten (10) years, pursuant to Section 1.10.B of the APFO. This conditional APFO approval will be effective for a period of ten (10) years from the date of Commission approval of the Phase II PUD Plan.

DEVELOPMENT PHASING SCHEDULE

In accordance with Section 1.10.B of the APFO, the recording of Developer's 1,505 residential units by final recorded subdivision plats shall be subject to the following phasing schedule, provided that any units not recorded in a given year, may be recorded in any subsequent year, above and beyond the number of units as set forth below.

YEAR	UNITS RECORDED
2004	150
2005	150
2006	150
2007	150
2008	150
2009	151
2010	151
2011	151
2012	151
2013	151

Final recorded subdivision plats for all 1,505 units shall occur within ten (10) years from the date of Commission approval of the Phase II PUD Plan (May 24, 2004), in accordance with the above phasing schedule. Notwithstanding the above sentence, any residential units not recorded on or before the date that is ten (10) years after the date of Commission approval of the Phase II PUD Plan (May 24, 2004), will be subject to APFO re-testing for school capacity only, provided that Developer has completed the water/sewer and road improvements as set forth in this Letter.

PHASING CONDITIONS

Developer agrees that the following requirements and prerequisites must be satisfied by Developer prior to the recording of plats or issuance of occupancy permits.

1. Record Plats: Prior to the recording of final subdivision plats, Developer shall provide and maintain financial guarantees satisfactory to the Mayor and Council of Brunswick in accordance with the provisions of this paragraph for all infrastructure improvements required under this Letter for the given development phase or stage in which the units are included and for which the plats are to be recorded. Such financial guarantees shall be of the form or type that were acceptable to the Mayor and Council of Brunswick at the time of the PUD annexation which are acknowledged to include cash, letters of credit, draw down letters of credit, special obligation bonds (as more fully defined in the Water/Wastewater System Service Agreement between the City and Developer dated February 10, 2004, a copy of which is attached hereto as "**Exhibit C**") and surety bonds; provided, that the financial guarantee relating to any required contingency amount shall only be in the form of a letter of credit.

2. Occupancy Permits: Prior to the issuance of occupancy permits for the residential units included in a given development phase or stage, the improvements required for that phase or stage as required under this Letter shall be "available for service" and conditionally accepted by the Mayor and Council of Brunswick. The phrase "available for service" shall mean:

   - Roads - construction completed to the extent that the required roadway improvement is open to traffic. Roadways that will be dedicated to and maintained by the City of Brunswick ("City Roadways") may be deemed operational and open to traffic immediately after the base paving installation, in accordance with the City design manual (prior to final surfacing and acceptance

for maintenance) with the approval of the Brunswick Planning and Zoning Administrator and conditional acceptance by the Mayor and Council of Brunswick. Such approval shall occur in a timely manner following base paving and shall not be unreasonably withheld. Likewise, roadways or roadway improvements that will be dedicated to and maintained by the Maryland State Highway Administration ("SHA"), may be deemed operational and open to traffic with approval of SHA prior to final completion and acceptance for maintenance. Roadway and/or entrance improvements may be phased as approved by Planning and Zoning Administrator in accordance with Planning Commission Approval and/or SHA approval.

- Water & Sewer - construction completed to the extent that the required water and sewer service improvements are deemed operational by the Maryland Department of Environment ("MDE"), the Brunswick Planning and Zoning Administrator and conditional acceptance by the Mayor and Council of Brunswick. The granting of operational status by the Brunswick Planning and Zoning Administrator shall occur in conjunction with or in a timely manner immediately following MDE approval and shall not be unreasonably withheld.

- Schools – In accordance with Section 5.2.H of the APFO, for the ten year phasing period as set forth above, the Commission has determined (based upon data provided by Frederick County Public Schools) that adequate school capacity exists for all 1,505 units in the PUD under the requirements of the APFO; and, therefore, school capacity has been deemed "available for service" for all 1,505 units per the above Development Phasing Schedule.

DEVELOPER INFRASTRUCTURE IMPROVEMENTS

ROADS

Two existing roadway intersections will require modifications and upgrades by the Developer:

1) The intersection of Maryland Route 464 and 9th Avenue.

2) The intersection of Maryland Route 17 and the U.S. Route 340 westbound ramp.

3) Other Maryland State Highway Road Improvements identified as part of the Phase III PUD review necessitated by the development and construction of the PUD, such traffic being as documented in the Traffic Impact Study dated March 19, 2004 prepared by The Traffic Group, Inc. and reviewed and approved by SHA as part of the Phase II PUD review.

The Developer shall construct the improvements to the identified intersections and areas per Maryland State Highway Administration requirements, the timing and configuration of which shall be determined in conjunction with the review of Phase III PUD plans for the Property.

The Developer shall also satisfy Maryland State Highway Administration requirements as necessary to obtain approved access locations for the Property. The number, location and configuration of the access locations and associated improvements shall be determined in conjunction with the review of the Phase III PUD plans and subsequent Improvement Plans for the Property.

WATER FACILITIES

Public water service to the Property will be provided by the City of Brunswick's existing water treatment plant ("WTP") and related facilities. Certain upgrades and improvements to the City's WTP and related facilities will be required to serve the Property. The Developer will construct the required upgrades and improvements as defined and set forth in the Annexation Agreement and as further defined in the Brunswick Crossing Water/Wastewater System Service Agreement, attached hereto as **Exhibits "B" and "C"**.

SEWERAGE FACILITIES

Public sewerage service to the Property will be provided by the City of Brunswick's existing wastewater treatment plant ("WWTP") and related facilities. Certain upgrades and improvements to the City's WWTP and related facilities will be required to serve the Property. The Developer will construct the required upgrades and improvements as defined and set forth in the Annexation Agreement and as further defined in the Brunswick Crossing Water/Wastewater System Service Agreement, attached hereto as **Exhibits "B" and "C"**.

APFO - GENERAL CONDITIONS

Given the substantial level of Developer's private investment in public infrastructure improvements required under this Letter which benefit the City of Brunswick, the length of APFO approval must provide adequate opportunity for buildout of units and improvements tied to such infrastructure investments. Since the timing of buildout will be dependent upon market factors beyond the control of Developer or the City of Brunswick, as well as potential actions or circumstances in the control of Developer and/or the City of Brunswick, any and all of which may impede the process of buildout, Developer will be entitled to request, in accordance with the requirements of Section 1.8 of the APFO, extensions to its APFO approval, provided that Developer has performed its obligations for the provision of infrastructure as outlined under this Letter.

While the improvements set forth above are one means to provide the minimum improvements necessary to comply with the APFO, changes to use other alternative methods found to satisfy these needs may be made, subject to approval of the Commission.

The commencement date of this Letter of Understanding will be May 24, 2004.

[** SIGNATURE PAGE FOLLOWS****]**

BRUNSWICK CROSSING, L.L.C., a Maryland
Limited Liability Company

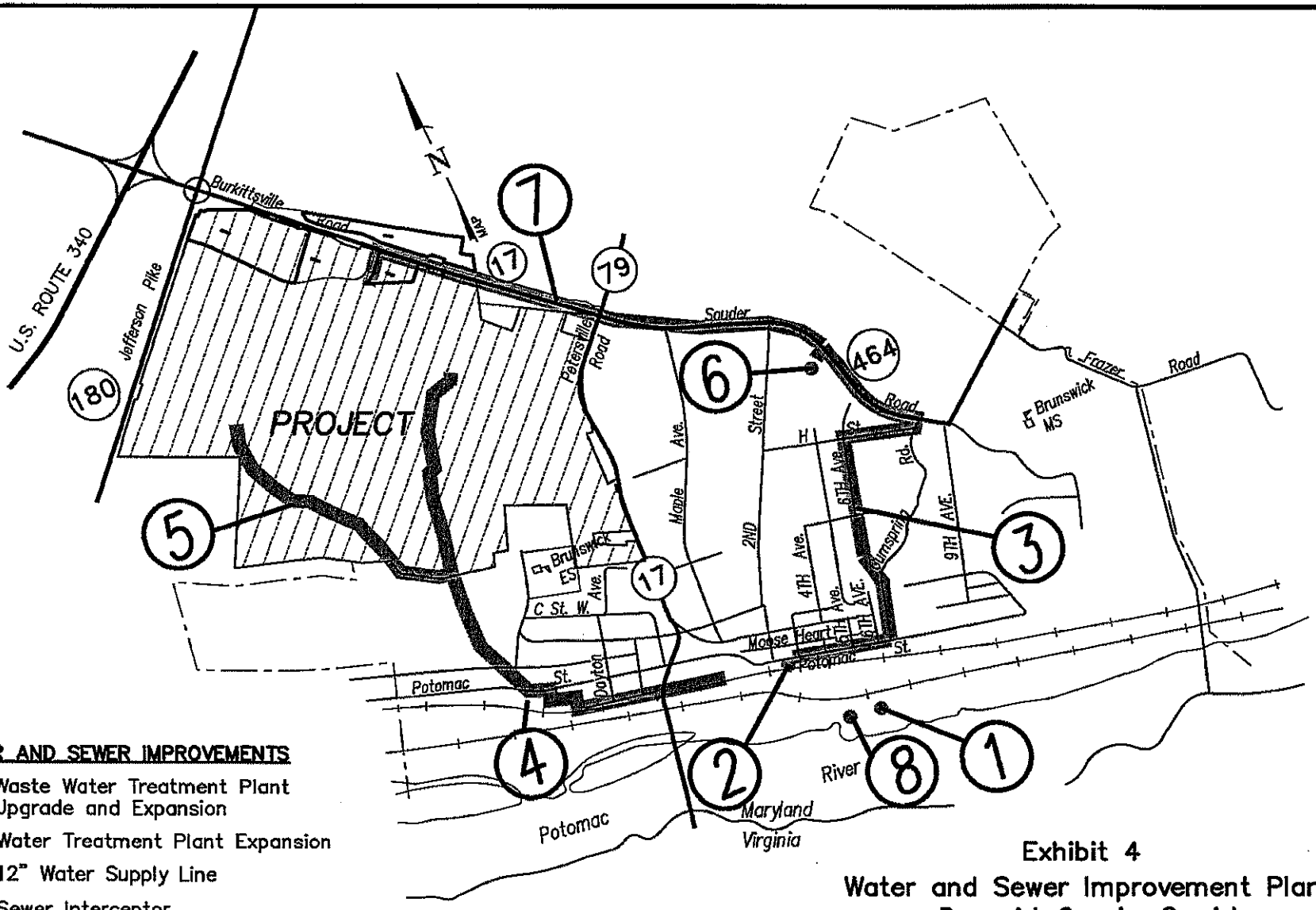
BY: _____ MAY 24, 2004
William D. Pleasants, Jr. Date
Manager

CITY OF BRUNSWICK PLANNING COMMISSION

BY: _____ 5/24/04
Edward Gladstone Date
Chairman

Attest:

BY: _____ 5/24/04
Richard L. Stup Date
Planning and Zoning Administrator



WATER AND SEWER IMPROVEMENTS

1. Waste Water Treatment Plant Upgrade and Expansion
2. Water Treatment Plant Expansion
3. 12" Water Supply Line
4. Sewer Interceptor
5. Local Sewer Outfall
6. Elevated Tank/Booster Pump Station
7. 16" Water Supply
8. Raw Water Presedimentation Basin

Exhibit 4

Water and Sewer Improvement Plan

Brunswick Crossing Special Tax District

SCALE: 1"=2000' March 2006

FREDERICK COUNTY, MARYLAND

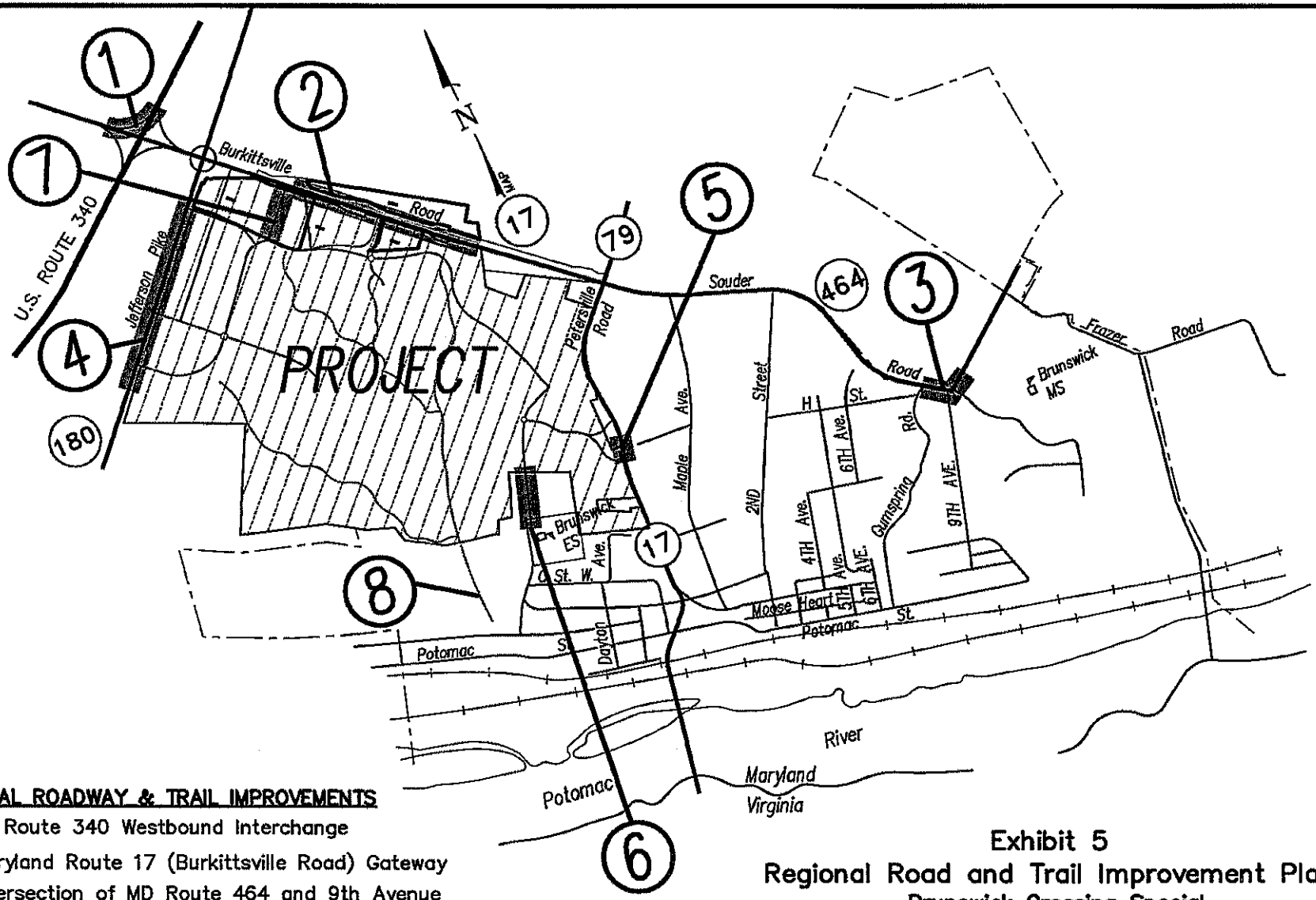
MACRIS, HENDRICKS, and GLASCOCK, P.A.

ENGINEERS * PLANNERS * SURVEYORS

9220 WIGHTMAN ROAD, SUITE 120

MONTGOMERY VILLAGE, MD 20886

(301) 670-0840



REGIONAL ROADWAY & TRAIL IMPROVEMENTS

1. US Route 340 Westbound Interchange
2. Maryland Route 17 (Burkittsville Road) Gateway
3. Intersection of MD Route 464 and 9th Avenue
4. Jefferson Pike Road Entrances (3) (Maryland Route 180)
5. Petersville Road Entrance (Maryland Route 17)
6. Central Ave. Road Improvements
7. Little Catoctin Creek Drive
8. Regional Trail System

Exhibit 5
Regional Road and Trail Improvement Plan
Brunswick Crossing Special Tax District

SCALE: 1"=2000' OCT 2004
FREDERICK COUNTY, MARYLAND

MACRIS, HENDRICKS, and GLASCOCK, P.A.
ENGINEERS * PLANNERS * SURVEYORS
9220 WIGHTMAN ROAD, SUITE 120
MONTGOMERY VILLAGE, MD 20886
(301) 670-0840

Exhibit 6

MARYLAND DEPARTMENT OF THE ENVIRONMENT

1800 Washington Boulevard • Baltimore MD 21230
410-537-3000 1-800-633-6101

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

Kendl P. Philbrick
Secretary

Jonas A. Jacobson
Deputy Secretary

Permit No.: 6-25-1078
Permit fee: N/A

Date Issued: 04/18/2006
Expiration Date: 04/18/2009

This permit authorizes the City of Brunswick to construct a wastewater treatment plant upgrade and upgrade, together with all appurtenances, at C&O Canal Towpath, Frederick County. In accordance with an application dated April 12, 2006 and received by the Maryland Department of the Environment on April 12, 2006 titled in part:

CITY OF BRUNSWICK
WASTEWATER TREATMENT PLANT EXPANSION AND UPGRADE
BRUNSWICK, MARYLAND
PROJECT NO. 56004900
CONTRACT NO. S-1
PLANS AND SPECIFICATIONS, PLAN SHEETS 1 THRU 114 OF 114

THIS PERMIT IS ISSUED SUBJECT TO THE ATTACHED FOLLOWING CONDITIONS:

- In accordance with the Regulations issued under Article 9, of the Annotated Code of Maryland, the sewerage facility covered by this permit is classified as Class AS.

Ta-Shon Yu, P.E., Director
Technical Services

Robert M. Summers, Director
Water Management Administration

Permit No.: 6-25-1078
Permit Fee: N/A

Date Issued: 04/18/2006
Expiration Date: 04/18/2009

THIS PERMIT IS ISSUED ON THE BASIS OF THE FOLLOWING DESIGN CRITERIA PRESENTED IN THE APPROVED CONSTRUCTION PLANS AND SPECIFICATIONS AND NPDES PERMIT NO. MD0020958 IN FORCE ON THIS DATE.

a. FLOW: 1.4 mgd

b. BOD: 30 mg/l monthly average; 45 mg/l weekly average

c. SUSPENDED SOLIDS: 30 mg/l (monthly average); 45 mg/l (weekly average)

d. TOTAL NITROGEN: 17,055 lbs/year (annual max. loading rate)

e. PHOSPHORUS: 581 lbs/year (annual max. loading rate)

f. DISSOLVED OXYGEN: 5.0 mg/l minimum at anytime

g. POPULATION: 7000

h. E. COLI: 126 MPN/100 ml monthly steady state

i. PH: 8.5 maximum – 6.5 minimum

j. RESIDUAL CHLORINE: UV disinfection

GENERAL CONDITIONS FOR WASTEWATER TREATMENT PLANT CONSTRUCTION PERMIT

If during the use of the facilities covered by this permit the public health is endangered or violated or the Water Quality Standards are endangered or violated, the Department of the Environment (hereinafter called the Department) may take, or require, corrective action as is consistent and appropriate with the law.

The project permitted herewith shall be provided with a certified operator in accordance with the Environment Article 12-301 and 12-402, Annotated Code of Maryland.

Upon the approval of the construction plans and specifications and the issuance of a permit by the Department, it is and shall remain the sole and continued responsibility of the owner, his heirs, assigns, successors, his authorized agents or representatives, for the design and operations of the facilities for the intended purposes, and to construct, operate and continuously maintain in a satisfactory manner at all times the total facility in compliance with the laws, rules, regulations and requirements of the State of Maryland.

The owner shall immediately notify the Department whenever a discharge of untreated or partially treated sewage has occurred and shall, within 24 hours of such discharge, furnish to the Department such information as to the cause, frequency, quality, duration and volume of such discharge. Further, the owner, as soon as possible but no later than 30 days thereafter, submit to the Department a plan and a time schedule for the elimination and prevention of further discharges of untreated or partially treated sewage.

The structural adequacy and expected performance characteristics of the various components are not certified by this permit.

This permit is not transferable.

A copy of this permit must be posted at the work site during construction.

This permit will expire, if not specifically extended, unless the work authorized under this permit has been completed and placed into operation on/or before the expiration date.

If any provision of this permit shall be held invalid for any reason, the remaining provisions shall remain in full force and effect, and such invalid provision shall be considered severed and deleted from this permit.

Persons violating the requirements of this permit are subject to penalties of up to $1000 per day as set forth in Environmental Article, 9-268 and 9-334 through 9-342, Annotated Code of Maryland.

A copy of the plans and specifications, authorized for use under this permit, shall be made available at the work site during construction of this project. A revised construction permit in accordance with COMAR 26.03.12 is required prior to making substantive changes or material alteration to the construction authorized under this permit.

The owner shall secure all Federal, State or Local permits, including approval of Sedimentation and Erosion Control plans that may be required before starting the construction.

The owner shall insure that this project is inspected during the progress of construction to assure substantial compliance with the approved plans and specifications. A log and construction records shall be maintained by the inspector and may be requested for review at any time by this office.

The Water Management Administration, Project Engineer shall be notified prior to the start of construction.

GENERAL CONDITIONS WWTP CONSTRUCTION PERMIT (CONTINUED)

- Inspectors of the Water Management Administration shall be afforded access to the project site, at reasonable times and upon presentation of credentials:

a. to inspect construction authorized under this permit and to determine compliance with applicable regulations;
b. to have access to and copy any records required to be kept by this permit and by applicable regulations; and
c. to obtain any photographic documentation or evidence.

- Within 60 days after completion of construction, a copy of as-built drawings and the attached construction completion certificate (page 4 of this permit) shall be submitted to the Water Management Administration for permanent records. Where construction was completed in accordance with the original plans approved under this permit, the submittal of as-built drawings will not be required.

- Approval must be obtained from the Water Management Administration before this project may be placed into service. Any exception allowing partial use of this project shall have the prior written approval of the water Management Administration. Approval may be obtained pursuant to the following procedure:

a. Where large political subdivisions, commissions, authorities etc. have their own inspection capabilities (satisfactory to the Water Management Administration, the attached construction completion certificate shall be completed by the Director of Public Works or similar responsible person and submitted to the Water Management Administration.
b. Where an acceptable local construction inspection program does not exist, the attached construction completion certification shall be completed by a professional engineer licensed to practice in the State of Maryland (preferably the same engineer whose seal and signature appear on the plans approved under this permit) and submitted to the Water Management Administration.
c. Upon receipt of the signed certificate, the Water Management Administration shall, within (30) working days of the receipt, 1) issue and approval, 2) require further review and on-site inspection or 3) reject the construction certification. Approval shall be automatic for projects that have not received some form or written notification from the Water Management Administration within (30) working days of receipt of the signed certificate.

0 6 2 5 1 0 7 8
Permit Number

Rajiv Chawla
Rajiv Chawla
Project Engineer

WATER AND SEWER CONSTRUCTION COMPLETION CERTIFICATION

The undersigned certifies that the construction authorized by this permit has been completed and inspected and that it substantially meets the terms of Environment Article, 9-204, Annotated Code of Maryland.

Signature | Title | Date

The above project has been accepted by the Water Management Administration within the terms of Environment Article, 9-204, Annotated Code of Maryland.

Authorized Official | Date

Complete this certificate and return to:
Maryland Department of the Environment
Water Management Administration
1800 Washington Boulevard
Baltimore, Maryland 21230
Attention: Water Quality Infrastructure Program

9/11/02

CITY OF BRUNSWICK

1 W. Potomac Street • Brunswick, Maryland 21716 • (301) 834-7500

July 21, 2006

Ms. Fran Busby
Managing Director
Banc of America Securities, LLC
8300 Greensboro Drive
McLean, Virginia 22102

Re: Brunswick Crossing Development

Dear Ms Busby:

I am writing in response to your inquiry and as a follow up to our meeting on July 12, 2006 regarding the approval status of the Brunswick Crossing and associated City water and sewer infrastructure improvements required to serve the project.

The project's approval status, to date, has included: the Petition for Annexation approved on March 26, 2002, PUD Phase I (Justification Phase) approved October 28, 2003, PUD Phase II (Plan Development and APFO Testing) approved May 24, 2004 and PUD Phase III Preliminary Plan approved June 27, 2005. These approvals set forth Brunswick Crossing's total unit count, recordation phasing schedule, overall layout, required infrastructure improvements and represent the discretionary approvals necessary for the build-out of the development.

The remaining PUD Phase III approvals consist primarily of administrative review process of the detailed site plans, engineering plans and record plats for each development phase to ensure conformance with the City Ordinances, Design Standards and the terms and conditions of prior approvals (Annexation Agreement, PUD Phase I, PUD Phase II, and PUD Phase III Preliminary Plan). Upon determination by Staff that the proposed improvements satisfy the above criteria, the improvements are presented to the City Planning Commission by Staff for confirmation and approval.

As part of the project's approval process, the City has been actively engaged in discussions and negotiations with Maryland Department of the Environment (MDE) regarding the water and sewer infrastructure improvements required to provide the additional capacity for the project. At the City's request, the County has updated and the MDE Planning Department has approved City of Brunswick related revisions to the regional water and sewer plan on September 7, 2005, which reflects the necessary infrastructure upgrades to serve the project. Additionally, the City has attended multiple meetings with MDE over the last five years regarding the design details of the wastewater treatment plant, water tower, booster pump station, water treatment plant and other upgrades to ensure capacity for the build-out of the project.

The City has invested a significant amount of time and effort into the review and approval of the agreements and plans related to the Brunswick Crossing Project to ensure a quality project with adequate infrastructure to meet the needs of all of its the future residents. As such, we look forward to the project's groundbreaking and the realization of its potential into a great community and asset to the City. Should you have any additional questions, please feel free to contact me.

Sincerely,

Richard L. Stup, Prop. L.S.
Planning & Zoning Administrator

cc: Carroll A. Jones – Mayor
David B. Dunn – City Administrator
David A. Severn – City Attorney
Jerry Connelly – Brunswick Crossing, LLC

McCARTHY & ASSOCIATES, INC.

REGULATORY and ENVIRONMENTAL
CONSULTANTS

July 26, 2006

Mr. Jim Ruff
Macris, Hendrick & Glascock, P.A.
9220 Wightman Road
Suite 120
Montgomery Village, Maryland 20886

Re: Brunswick Crossing Planned Unit Development

Dear Mr. Ruff:

I am writing in response to a request by Mr. Dan Snyder, of Pleasants Development, for a regulatory analysis of the proposed Brunswick Crossing Planned Unit Development located in Brunswick, Frederick County, Maryland. Specifically, Mr. Snyder asked me to review the Proposed Development Plan for this project as it relates to securing the federal and state non-tidal wetland and waterway construction permits for those activities that temporarily or permanently impact non-tidal wetlands, intermittent and perennial streams from various development activities.

The Brunswick Crossing property is made up of approximately 552 acres of land located on the southeast quadrant of MD Route 180 (Jefferson Pike) and MD Route 17 (Burkittsville Road) in Brunswick, Maryland. The property is comprised of somewhat rolling terrain that has been intensely farmed historically. As a result of this farming activity, the majority of the land has been cleared and the primary forest areas are located in the stream valleys on the property. Review of the Overall Preliminary Engineering Plan for Brunswick Crossing, prepared by Macris, Hendricks & Glascock, P.A., dated June 20, 2006, shows the overall layout of the property, concept grading, storm water management facilities and roads, and the proposed sanitary sewer alignment for this property. In addition, the locations of the stream channels, stream buffers, and non-tidal wetlands are shown on this plan.

The proposed impacts to aquatic resources associated with this project fall into two categories. First, the road crossings and, second, the sanitary sewer alignment in various stream valleys located on the property. The proposed road crossings are to provide the necessary infrastructure roads to connect various portions of the property from one terrace to the next. Review of the referenced plan indicates one road crossing and the widening of an existing paved road to Frederick County standards to provide the necessary infrastructure roads for this development. The sanitary sewer system parallels the stream channels as shown on the referenced Development Plan. Since the proposed sewer lines are gravity sewers, these utilities follow the natural contour of the land in the lowest portion of the property to provide adequate fall as shown on the Development Plan.

14458 Old Mill Road • #201
Upper Marlboro, MD 20772

Phone: 301-627-7505 • Fax: 301-627-5571

For a project of this scope (552 acres), the stream impacts associated with this project are minimal. There are temporary impacts resulting from the sewer line crossings which will result in minor impacts to the stream from the installation of these utilities. The three road crossings will result in the placement of culvert pipe, arch plates, or some other form of structure conveyance to allow adequate and positive flow beneath the roads.

It is my opinion that due to the minor amount of impact associated with this project, both permanent and temporary, from utility installation and the roads, respectively, that this project would be easily authorized by both the Baltimore District Corps of Engineers and Maryland Department of the Environment pursuant to the proposed Maryland State General Programmatic Permit III. This is primarily due to the fact that aquatic resource impacts were avoided to the maximum extent practicable during the early design phase of this project and that the resulting impacts are both minor and for infrastructure that is necessary to serve the Planned Unit Development.

If you have any questions concerning this analysis, please do not hesitate to contact me.

Very truly yours,

Milton L. McCarthy

BRUNSWICK CROSSING

CITY OF BRUNSWICK WATER/WASTEWATER SYSTEM SERVICE AGREEMENT

THIS BRUNSWICK CROSSING CITY OF BRUNSWICK WATER/WASTEWATER SYSTEM SERVICE AGREEMENT, ("Agreement") is made this 10th day of February, 2004, by and between the **MAYOR AND COUNCIL OF THE CITY OF BRUNSWICK, MARYLAND**, a body politic and corporate of the State of Maryland, having its principal offices at Brunswick City Hall, One West Potomac Street, Brunswick, Maryland 21716 (the "City"), and **BRUNSWICK CROSSING, LLC**, a Maryland limited liability company, having its principal office at 24012 Frederick Road, Clarksburg, Maryland 20871, and/or its successors and assigns, (the "Developer").

WHEREAS, the Developer is the equitable or legal owner of certain lands in the City of Brunswick, Frederick County, State of Maryland, located on the south side of Maryland Route 17 and the east side of Maryland Route 180, as more particularly described on **EXHIBIT "A"** attached hereto and made a part hereof (the "Property"), which it intends to develop as a planned development consisting of residential, office and commercial uses to be served by public water and sewer (the "Project"); and

WHEREAS, the Project will be served by public water and sewer lines and facilities, including the City of Brunswick Water and Wastewater Treatment Plants owned, operated and maintained by the City, (the "System").

WHEREAS, the City has determined the System is anticipated to have sufficient capacity to serve the complete build-out of the Project when the water and sewer improvements as identified in a report titled "Feasibility Study, City Of Brunswick Water And Wastewater Facilities Expansion For The Brunswick Crossing Development" prepared by Watek Engineering dated July, 2001, revised January, 2002, and supplemented by a letter from Watek dated February 19, 2002, which report is on file with the City (the "Report"), are constructed (the "Improvements").

WHEREAS, the Developer desires to ensure by this Agreement that the City will reserve sufficient capacity within the System, subject to Maryland Department of the Environment ("MDE") approval as set forth below, to provide for all necessary water/sewer services, including Residential and Business water and sewer capacity reservations, (hereinafter collectively referred to as "Service(s)") and all taps for water and sewer connections ("Taps") that are currently anticipated to be required for the Project as set forth in paragraph 2 below, and to this end this Agreement is executed.

NOW, THEREFORE, WITNESSETH: That for and in consideration of the mutual covenants and promises herein contained, and other good and valuable consideration, the parties agree as follows:

1. RECITALS. The recitals set forth above are incorporated herein and made a part hereof as if herein fully set forth.

2. ALLOCATION OF SERVICES AND TAPS. In recognition that there is a need to reserve Services and Taps for the complete build-out of the Project, City does hereby allocate to the Project sufficient Services and Taps to serve a total of 1,818 equivalent dwelling units from the System or such Services and Taps as are required to fully serve the uses as set forth in Table 1 of the Report, whichever is greater, with such allocation to be subject to MDE approval of the design of the Improvements to the System to provide additional capacity in the System, as outlined in the Report, and to be subject to the continued granting by MDE of sufficient flow allocation within the System to service the Project(the "MDE Approval").

3. RESERVATION OF SERVICES AND TAPS. At all times during the course of this Agreement, City shall reserve sufficient Services and Taps from those available in the System, subject to the MDE Approval, so that Developer and/or Developer's assignee's shall be able to obtain and use the Services and Taps allocated and reserved to it pursuant hereto, from time to time, for the Project. The City agrees to operate and maintain the System in a good and workmanlike manner to ensure the City's ability to reserve sufficient Services and Taps as required herein. Further, City shall evaluate and provide the Developer with a copy of the calculations demonstrating the reservation of sufficient Services and Taps for the Project prior to granting planning, subdivision, site plan, or building permit approvals or Services or Taps to properties other than the Project.

4. CONSTRUCTION OF IMPROVEMENTS AND PUBLIC WORKS AGREEMENTS. The Developer and City acknowledge that the City's ability to provide sufficient water and sewer capacity to the Project is dependent upon the construction of the Improvements to the System and MDE Approval. The Developer and City agree, as appropriate from time to time to ensure the timely design and construction of the Improvements, to enter into Public Works Agreements ("PWA(s)") which shall set forth in detail the responsibilities for each party in the design and construction of the Improvements. In general, with regards to the design and construction of the Improvements, the Developer and City agree as follows:

a. The Developer agrees to act as the City's Project Manager, at no cost to the City, to manage the design and construction of the Improvements.

b. The Developer agrees to prepay Fees as defined in paragraph 5 below for Services, as are necessary to fund all costs related to the Improvements, including, but not limited to, right-of-way acquisition, design, inspection, construction and fees, in accordance with Paragraph 5 below.

c. The City agrees to support and facilitate the design and construction of the Improvements as required to provide timely and sufficient System capacity for the Project.

d. The City agrees to review and execute all required permits for the Improvements.

e. The City agrees to support and facilitate, the financing of the Improvements by, upon request by the Developer, designating the Property as a special tax district (the "Special Tax District"), which Special Tax District is sometimes known as and referred to in the Annexation Agreement for the Project as a Community Development Authority ("CDA"), levying a special tax on the Property and issuing special obligation bonds secured by such special taxes (the "Bonds"). A portion of the proceeds of the Bonds will fund the prepaid fees (as defined in Paragraph 5 below). Funding of the Improvements with proceeds of the Bonds shall satisfy the Developer's obligations under this Agreement with regards to the payment or prepayment of fees.

f. The City agrees to actively seek all available grant monies, services, or equipment ("Grant(s)") for the procurement of the Improvements and apply all such Grant(s) towards the design and construction of the Improvements as such Grant(s) are received and, in all cases, prior to utilizing prepaid Fees. The City shall be reimbursed for reasonable costs relating to the administration, review, and inspection of the Improvements. Such costs shall be included in the overall Improvements costs funded by the prepaid Service Fees as set forth below.

g. Upon the Developer's request, the City shall assist Developer in acquiring all rights-of-way needed to construct the Improvements, including exercise of its condemnation powers if necessary, without cost to the City.

The specific details and responsibilities of the parties shall be set forth in the applicable PWA(s) regarding the management, design,

construction, and financing for each particular line or facility which collectively constitute the Improvements.

5. PREPAID SERVICE CAPACITY FEES.

a. The Developer agrees to prepay water/sewer Residential and Business Capacity Fees for both water and sewer services as defined and established in City Resolutions 02-03 and 02-04 that would otherwise be collected for the Project by the City (collectively referred to as "Fees"), the payment of which Fees is typically required at the time individual building permits are issued within the Project, which Fees are necessary to procure and which may be used to fund any of the Improvements. All Fees, irrespective of their allocation or designation by the City into separate water and sewer accounts, shall be eligible for use as funding for any Improvements or Mutual Benefits as defined below. The prepaid Fees shall be paid to the City if the City has contracted for the Improvements; or if Developer contracts for an Improvement and makes payments for the Improvement directly to the party designing, constructing, inspecting or otherwise facilitating the Improvement, such payments shall constitute prepaid Fees and shall be credited towards Fees for the Project as set forth below. All funds expended for the procurement of the Improvements, whether paid directly to the City or to another party, shall be considered prepaid Fees and shall be credited against Fees required for the Project ("Fee Credits") as they become payable. The Fee Credits accrued by the Developer shall be irrevocable and shall not expire. The City shall maintain a system of accounting for and tracking the Fees prepaid for the Project and the amount of Fee Credits available for the Project at any given time. The parties acknowledge that Residential and Business Capacity Fees shall not be inclusive of ordinary and customary inspection and administrative fees that may be levied from time to time with respect to the development of Project within the City.

b. The procurement of the Improvements shall be funded by the prepayment of Fees as necessary, which Fees or Improvements costs credited toward Fees shall be funded by a portion of the proceeds of the Bonds. If Grant(s) or proceeds of the Bonds are not available at the time funding is required for an Improvement, the Developer may elect to provide an alternate source of funding acceptable to the City to prepay the Fees necessary to fund the Improvements until such time as Grant(s) or proceeds of the Bonds become available. If alternate funding is provided, the Developer shall be immediately reimbursed for the alternate funding from proceeds of the Bonds upon issuance of the Bonds, and the City will take whatever reasonable

actions may be required to accomplish such reimbursement. In the event that City receives Grant(s) after Developer has used either alternate funds or proceeds of the Bonds to prepay Fees, the City agrees to immediately and fully reimburse the Developer for the amount of alternate funding provided to pay Fees. Any Grant(s) in excess of the amount reimbursed to Developer for providing alternate funding shall be credited to the appropriate Bond account to reimburse such account for the prepayment of Fees.

c. The Developer and the City acknowledge that the Improvements will provide the entire water and sewer capacity required by the Project, subject to the MDE Approval, and are anticipated to provide the City with additional water and sewer capacity as outlined in the Report. The Developer and the City further agree that to the extent the net capital costs of the Improvements (net capital costs equals gross costs of the Improvements minus Grant proceeds) exceed the total amount of Fee revenue generated by the Project, the Developer shall fund the deficit of such costs; and to the extent that the Fee revenue generated by the Project exceeds the total of the net capital costs of the Improvements, then such excess Fees shall be disbursed from the Bond account with the mutual consent from the City and Developer to procure other improvements which benefit the City and Project (the "Mutual Benefits"), with such Mutual Benefits to be more fully defined in the Bond development agreement. The funding of Mutual Benefits, whether paid directly to the City or to another party, shall be considered prepaid Fees and shall be credited against Fees required for the Project as they become payable.

6. TAPS. Developer shall construct all water and sewer connections or taps (i.e. lateral lines from the water and sewer mains to the individual property or lot lines) required to serve the Project in lieu of paying the then current City Tap Fees as set forth in City Resolutions No. 02-03 and 02-04. In the event Developer and/or its assigns wishes the City to make the applicable tap connections for water and sewer tap service within the Project and the City agrees to make such connections, Developer and/or its assigns shall pay the then current City Tap Fee for each such water and/or sewer connection. The parties acknowledge that Tap Fees shall not be inclusive of ordinary and customary inspection and administrative fees that may be levied from time to time with respect to the development of the Project within the City.

7. ASSIGNMENT AS SECURITY. This Agreement may be assigned by Developer to Developer's lender(s) or to the trustee for the Bonds as

security for any of Developer's development financing of the Project or any part thereof. When possible, the lender will be given written notice by the City of default and a period of thirty (30) days within which to correct any default by Developer, including the right of the lender to purchase the remaining Services and Taps allocated to Developer in this Agreement.

8. ASSIGNMENT. Developer shall have the free and unrestricted right to assign this Agreement or to assign the Services and/or Taps allocated to it herein in whole or in part or in many parts, to subsequent owners of, or to contract purchasers of, the Project or recorded lots being a part thereof; provided, however, no such assignment shall exceed the allocation set forth in Paragraph 2, hereof. Further, Developer may assign the Services and/or Taps allocated to it herein to properties in the City other than Project upon notification to the City and the City staff's concurrence therewith, which concurrence shall not be unreasonably withheld and which shall be given within seven (7) working days of Developer's notification to the City of a proposed assignment of Services and/or Taps or within such other time frame as may be mutually agreed upon between the City and the Developer (the "Assignment Period"). If the City does not respond within the Assignment Period, its concurrence with the assignment of Services and/or Taps shall be deemed to have been given. Provided, however, that in the event Developer assigns Services and/or Taps to other properties, it is understood that such assigned Services and/or Taps shall be subtracted from Developer's allocation under Paragraph 2 above, and Developer shall be required to purchase from the City any additional Services and construct or purchase any additional Taps needed to complete the development of the Project and pay the City's then current Service Fee and/or Tap fee, if required, for each such additional Service and/or Tap needed for the Project. Any unilateral assignment of Services and/or Taps by Developer will not relieve Developer of its obligations to comply with the terms of this Agreement. No assignment shall, however, be effective until the assignee acknowledges to the City in writing of its/their knowledge of the then current available Services and/or Taps for the Project. In the event of assignments of Services and/or Taps by Developer to purchasers of parts of the Project or other properties, Developer agrees to defend and indemnify City against, and to hold City harmless from, any claim or request for Services and/or Taps made by any such assignee purchaser that cannot be granted by City because it exceeds Developer's allocation under the terms of this Agreement. If any assignee of all of Developer's remaining Services and/or Taps posts an appropriate

financial guarantee for the assigned Services and/or Taps with City, and City, in its sole discretion, consents thereto, City agrees to release Developer from its obligations hereunder as to those remaining Services and/or Taps, and such assignee shall be entitled to all of the benefits, and shall be subject to all appropriate obligations, established herein for Developer.

9. NOTICES. Every notice, approval, consent or other communication authorized or required by this Agreement shall be effective if the same is in writing and sent, postage prepaid, 1) by United States mail or 2) by a recognized overnight delivery service, directed to the other party at its address hereinafter mentioned, or such other address as either of the parties may designate by notice given from time to time in accordance with this paragraph. Notice sent by United States mail shall be deemed to have been received three (3) business days after it is deposited in the mail, and notice sent by a recognized overnight delivery service shall be deemed to have been received one (1) business day after it is sent. Notices necessary and provided in this Agreement shall be mailed to:

For the City:

Mayor and Council of The City of Brunswick, Maryland
C/O Dave Dunn, City Administrator
One West Potomac Street
Brunswick, Maryland 21716

For the Developer:

Brunswick Crossing, LLC
C/O Jerry Connelly, Sr. Vice President
Pleasants Development, Inc.
24012 Frederick Road, Suite 200
Clarksburg, Maryland 20871

10. TERMINATION. The Developer shall reserve the right, without limitation, to terminate its obligations under this Agreement, and shall reserve similar rights in the applicable PWA(s) for termination, until such time as Adequate Public Facility Ordinance and PUD Phase II approval is granted to the entire Project and the Special Tax District is established and the Bonds are issued. The Developer shall provide the City notice of such termination by delivering or mailing such notice directly to the City. Upon such termination, the Developer, its successors or assignees, shall have no further rights under this Agreement and shall forfeit any Fees paid. In the

event Developer terminates this Agreement as provided herein, Developer shall reimburse the City for any actual out-of-pocket expenses or costs incurred by the City as a result of such termination, excluding, however, any costs or charges otherwise covered by any permit or administrative fees paid by the Developer to the City in the normal course of business.

11. ILLEGALITY OF ANY PROVISION. In case any provision (or any part of any provision) contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained herein but only to the extent it is invalid, illegal or unenforceable. In the event this Agreement, or any part thereof, is determined to be illegal or unenforceable by a court of competent jurisdiction in the State of Maryland and the City has vigorously defended any challenge to this Agreement and, if necessary, pursued all available appeals, the Developer and the City each agree to waive any claim or action for damages it may have against the other party. In the event City is required to defend the Agreement as provided herein, Developer shall reimburse the City for any actual out-of-pocket expenses or costs incurred by the City as a result of such defense. Further, City and Developer shall mutually agree upon the selection of counsel, scope and execution of the defense as it relates to the Agreement.

12. DURATION. This Agreement shall terminate and be of no further force and effect twenty-five (25) years from the effective date of this Agreement, unless further extended by mutual agreement of the City and the Developer, which shall be evidenced by a written amendment to this Agreement signed by both parties.

WITNESS:

BRUNSWICK CROSSING, LLC, a Maryland limited liability company

BY: _____ (SEAL)
William D. Pleasants, Jr.,
Managing Member

BY: _____ (SEAL)
Louis J. Iacuinta
Member

DEVELOPER

ATTEST:

MAYOR AND COUNCIL OF THE CITY OF BRUNSWICK, FREDERICK COUNTY, MARYLAND, a body corporate and politic of the State of Maryland

BY: _____ (SEAL)
Mayor Carroll Jones

CITY

STATE OF MARYLAND, COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 10th day of February, 2004, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared William D. Pleasants, Jr., Managing Member of Brunswick Crossing, LLC, and he acknowledged the foregoing instrument to be the act and deed of Brunswick Crossing, LLC, as its Managing Member, and he did further certify that he is duly authorized, as Managing Member of Brunswick Crossing, LLC to make this acknowledgement on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: 11-1-05

STATE OF MARYLAND, COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 10th day of February, 2004, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared Louis J. Iaquinta, Member of Brunswick Crossing, LLC, and he acknowledged the foregoing instrument to be the act and deed of Brunswick Crossing, LLC, as its Member, and he did further certify that he is duly authorized, as Member of Brunswick Crossing, LLC to make this acknowledgement on its behalf.

WITNESS my hand and Notarial Seal.

_____
NOTARY PUBLIC

My Commission Expires: 11-1-05

STATE OF MARYLAND, COUNTY OF Frederick, to wit:

I HEREBY CERTIFY, that on this 16th day of February, 2004, before me, a Notary Public of the State and County aforesaid, personally appeared Carroll Jones, Mayor of The City of Brunswick, Maryland, a municipal corporation of the State of Maryland, and he did acknowledge the aforegoing instrument to be the act and deed of The City of Brunswick, Maryland, as its Mayor, and that he is duly authorized to make this acknowledgment on its behalf.

WITNESS, my hand and Notarial Seal.

NOTARY PUBLIC

My Commission Expires: 11-7-05

OWNER CONSENT

The undersigned fee simple owners of part of the property described in **EXHIBIT A** to this Agreement join hereto for the purpose of acknowledging and consenting to the terms of the Agreement.

WITNESS:

HOPE FAMILY LIMITED PARTNERSHIP, a Maryland limited partnership

By: Marvin Hope
Marvin Hope, General Partner

Marvin Hope
Marvin Hope, Trustee under Trust B of the Last Will and Testament of Lillie V. Hope

Leon B. Enfield
Leon B. Enfield

Shirley G. Enfield
Shirley G. Enfield

ESTATE OF OLIVE S. LONG

By: William T. Long, Jr. ~ P.R.
William T. Long, Jr.,
Personal Representative

EXHIBIT "A"

ENFIELD, LONG AND HOPE FARMS

BRUNSWICK, FREDERICK COUNTY, MARYLAND

Being a parcel of land located in the Petersville Election District, Frederick County, Maryland and being all or part of the following four (4) conveyances:

1. Part of the land conveyed by Leon B.Enfield, and Shirley G. Enfield, husband and wife by deed dated June 7, 1991 and recorded in Liber 1716 at Folio 1026.
2. Part of the land conveyed by John A. Hope, Jr. and Lillie V. Hope to the Hope Family Limited Partnership by deed dated December 29, 1994 and recorded in Liber 2068 at Folio 896.
3. All of the land conveyed by Robert B. Enfield and Melissa Dawn Enfield to Brunswick Crossing, LLC, by deed dated September 18, 2003 and recorded in Liber 4124 at Folio 404, also being all of Lot 1 as delineated on a plat entitled "Combined Preliminary/Final Plat; Section 1, Lot 1, ENFIELD DIVISION" and recorded in Plat Book 20 at page 112.
4. Part of the land conveyed by Olive S. Long, Personal Representative to Olive S. Long by deed dated March 16, 1994 and recorded in Liber 1994 at Folio 845.

All as recorded among the Land Records of Frederick County, Maryland and being more particularly described in the Maryland State Plane NAD 83/91 Datum by Macris, Hendricks and Glascock, P.A. as follows:

Beginning at a point on the southerly right-of-way limits of relocated Maryland Route 17 as delineated on State Road Commission Right-Of-Way Plat No. 24594, said point being 40.0 feet left of base line station 17+91.23 as delineated on the aforesaid plat, said point also being on the eleventh (11) or North 20°15' East, 256.18 perch line as described in the aforementioned Liber 2069 at Folio 896, then leaving said Maryland Route 17 and binding with the said eleventh (11) line and the current westerly corporate limits of the Town of Brunswick, Maryland as now surveyed:

1. South 18°18'45" West, 537.38 feet to a rebar and cap found, said point being the southwest rear corner of Lot 1 as delineated on a plat of subdivision entitled "LONG VIEW ACRES" as recorded among the aforesaid Land Records at Plat Book 64 Plat 53 then binding with the southerly and easterly platted limits of said Lot 1
2. South 44°36'47" East, 456.70 feet to a point, then
3. North 45°21'50" East, 347.22 feet to a point, said point being on the northerly corporate limits of the Town of Brunswick, then binding with said limits
4. South 59°06'15" East, 642.68 feet to a point, said point being on the westerly platted limits of the "BRUNSWICK ASSEMBLY OF GOD" as delineated on Plat Book 17 at Plat No. 127, then binding with the westerly and southerly limits of said Plat No. 127
5. South 41°42'58" West, 273.95 feet to a point, then

6. South 46°29'40" East, 226.84 feet to an open pipe found, then

7. South 44°00'34" East, 199.11 feet to a point, said point being on the westerly right-of-way limits of the Petersville Road (Md. Route 17) as delineated on SRC Plat 16416, then binding with the said westerly right-of-way limits of said Petersville Road (Md. Route 17)

8. South 43°54'38" West, 149.56 feet to a point of curvative, then

9. 799.65 feet along the arc of a tangent curve deflecting to the left, having a radius of 1303.24 feet and a chord bearing and length of South 26°19'57" West, 787.16 feet to a point of tangency, then

10. North 81°14'43" West, 45.00 feet to a point, then

11. South 07°31'02" West, 58.24 feet to a point, then

12. South 83°43'13" East, 45.00 feet to a point, then

13. 150.00 feet along the arc of a tangent curve deflecting to the left having a radius of 1303.24 feet and a chord bearing and length of South 02°58'57" West, 149.91 feet to a point, then leaving said Petersville Road (Md. Route 17)

14. South 18°01'36" West, 149.64 feet to a point, said point being on the second (2nd) line of Parcel No. 1 as described in a conveyance from Carl A. Corson, Jr. to Automotive Instruments, LLC by deed dated August 24, 2000 and recorded among the aforesaid Land Records in Liber 2751

at Folio 1302, then binding reversely with said second (2nd) and first (1st) lines of said conveyance,

15. North 80°48'13" West, 82.75 feet to a point, then

16. South 02°26'47" West, 758.00 feet to a point, then

17. North 86°56'47" East, 71.00 feet to a point, then

18. North 86°56'47" East, 79.59 feet to a point, said point also being on the aforementioned westerly right-of-way limits of Petersville Road (Md. Route 17) then binding with said right-of-way the following eight (8) courses:

19. 24.04 feet along the arc of a tangent curve deflecting to the right having a radius of 1706.38 feet and a chord bearing and length of South 13°33'25" West, 24.04 feet to a point of reverse curvature, then

20. 59.27 feet along the arc of a curve deflecting to the left having a radius of 2894.79 feet and a chord bearing and length of South 13°22'26" West, 59.27 feet to a point, then

21. North 77°12'45" West, 50.00 feet to a point, then

22. South 11°50'15" West, 97.65 feet to a point, then

23. South 79°06'45" East, 50.00 feet to a point, then

24. 264.92 feet along the arc of a tangent curve deflecting to the left, having a radius of 2894.79 feet and a chord bearing and length of South 08°15'57" West, 264.82 feet to a point of tangency, then

25. South 05°38'38" West, 321.52 feet to a point, then

26. 7.92 feet along the arc of a curve deflecting to the right having a radius of 5.00 feet and a chord bearing and length of South 65°27'50" West, 7.12 feet to a point, then leaving said Petersville Road

27. North 69°08'01" West, 165.02 feet to a point, then

28. North 68°47'14" West, 397.33 feet to an open pipe found, said point being at the beginning of the second (2nd) line as described in a conveyance from Elva O. Shafer et al to G. Robert Eagle et ux by deed dated February 18, 1959 and recorded among the aforesaid Land Records in Liber 615 at Folio 155, then binding with the second (2nd) through fourth (4th) lines of said conveyance as now surveyed:

29. South 21°23'18" West, 150.00 feet to a point, then

30. South 63°07'55" East, 453.42 feet to a point, then

31. North 20°51'59" East, 50.00 feet to a point, then

32. South 69°08'01" East, 158.62 feet to a point, said point being on the aforementioned westerly right-of-way limits of Petersville Road as delineated on SRC Plat 16414, then binding with said right-of-way limits

33. South 05°38'38" West, 301.97 feet to a point, then leaving said Petersville Road and binding with the northerly platted limits of "SECTION II – SCOB PARK" as delineated on a plat

recorded among the aforesaid Land Records in Plat Book 3 at Plat No. 139

34. North 70°48'35" West, 974.80 feet to a point, passing over a concrete monument found 556.77 feet from the beginning thereof, said point also being the beginning of the fourth (4th) line as described in a conveyance from The Social Club of Brunswick, Inc. to the Board of Education of Frederick County by deed dated and recorded among the aforesaid Land Records in Liber 479 at Folio 591, then binding with the easterly and northerly limits of said conveyance

35. North 17°13'25" East, 896.39 feet to a point, then

36. North 65°39'35" West, 854.80 feet to a point, said point being the northwest rear corner of Lot 1 as delineated on a plat of "SCOB PARK" as recorded among the aforesaid Land Records in Plat Book 3 at Plat No. 135, then binding with the rear or westerly limits of Lots 1 through 15 and part of Lot 16 as delineated on said plat

37. South 21°15'55" West, 631.54 feet to a point, said point being the beginning of the second (2nd) line as described in a conveyance from John A. Hope, Jr. et ux to James E. Holder et ux by deed dated May 15, 1972 and recorded among the aforesaid Land Records in Liber 877 at Folio

178 then binding with the second (2nd) and third (3rd) lines of said conveyance as now surveyed:

38. North 78°06'15" West, 200.00 feet to a point, then

39. South 21°15'55" West, 189.38 feet to a point on the ninth (9th) or South 75°45' East, 60.3 perch line of the aforementioned Liber 2068 at Folio 896, then binding reversely with part of the ninth (9th), the eighth (8th) and part of the seventh (7th) lines of said conveyance

40. North 78°06'15" West, 772.68 feet to a point, then

41. North 57°15'58" West, 581.95 feet to a point, then

42. North 11°54'37" West, 220.65 feet to a point, said point being the beginning of the seventh (7) or North 62°30' West, 24.48 perch line as described in the aforesaid Liber 1716 at Folio 1026, then binding with the seventh (7) through eleventh (11) lines of said conveyance as now surveyed

43. North 69°37'50" West, 399.80 feet to a stone found, then

44. North 56°49'36" West, 147.35 feet to a rebar and cap found, then

45. North 56°58'53" West, 410.52 feet to a point, then

46. North 72°13'44" West, 1216.24 feet to a rebar and cap found, then

47. North 27°53'51" East, 1567.45 feet to a point, then

48. North 64°53'54" West, 1701.15 feet to a point, said point being in or near the centerline of Jefferson Pike (Maryland Route 180, aka

Ridge Road from Frederick to Harpers Ferry), then binding with said Jefferson Pike in or near the centerline

49. North 41°12'19" East, 720.69 feet to a point, then

50. North 43°37'02" East, 119.28 feet to a point, then leaving said Jefferson Pike

51. South 61°56'42" East, 34.15 feet to a point, said point being the southwest front corner of Lot 1, Section 1 as delineated on a plat entitled "Combined Preliminary/Final Plat, ENFIELD DIVISION" and recorded in Plat Book 20 at page 112, then binding with the westerly platted limits of said Lot 1

52. North 43°32'29" East, 220.82 feet to a point, then

53. North 47°01'58" West, 32.61 feet to a point, said point being in or near the centerline of the aforementioned Jefferson Pike, then binding with said Jefferson Pike in or near the said centerline

54. North 43°37'02" East, 2051.86 feet to a point, then

55. North 43°55'28" East, 436.29 feet to a point, then leaving said centerline and binding with the southerly dedication limits as delineated on State Roads Commission Plat No. 35592

56. South 39°20'44" East, 32.73 feet to a point, then

57. North 50°39'16" East, 87.73 feet to a point, said point being the southerly limits of a parcel as described in a conveyance from Bertram Enfield et ux to Willard Thomas Compher et ux

by deed dated June 10, 1969 and recorded among the aforesaid Land Records in Liber 806 at Folio 211, then binding with said southerly limits

58. South 71°59'06" East, 8.49 feet to a point, said point being on the centerline of that portion of the Burkittsville-Brunswick Road now abandoned and delineated on the aforesaid SRC Plat 35592, then leaving said centerline to cross and include part of the aforesaid Liber 1716 at Folio 1026

59. South 39°20'44"East, 28.72 feet to a point, then

60. South 65°56'34" East, 22.88 feet to a point, then

61. South 86°59'36" East, 35.80 feet to a point, said point being the centerline of the Burkittsville-Brunswick Road as described in the aforesaid Liber 1716 at Folio 1026, then binding with the first (1) line of said conveyance and the centerline of that portion of the Burkittsville-Brunswick Road now abandoned (SRC Plat 35592)

62. South 65°56'34" East, 587.65 feet to a point, said point being on the southerly right-of-way limits of relocated Maryland Route 17 as delineated on State Road Commission Right-Of-Way Plat No. 29406, said point being 40.00 feet left of baseline station 50+95.93 as delineated on the aforesaid plat, then binding with the southerly limits of said MD Route 17 the following thirteen (13) courses:

63. 384.61 feet along the arc of a curve deflecting to the left, having a radius of 1949.86 feet and a chord bearing and length of South 42°37'27" East, 383.98 feet to a point, then

64. South 48°16'29" East, 269.21 feet to a point, then

65. South 39°44'38" East, 101.12 feet to a point, then

66. South 64°58'27" East, 52.20 feet to a point, then

67. South 48°16'29" East, 400.00 feet to a point, then

68. South 34°14'19" East, 206.16 feet to a point, then

69. South 48°16'29" East, 225.00 feet to a point, then

70. North 41°43'31" East, 50.00 feet to a point, then

71. South 48°16'29" East, 925.00 feet to a point, then

72. South 17°18'40" East, 116.62 feet to a point, then

73. South 48°16'29" East, 175.00 feet to a point, then

74. North 41°43'31" East, 60.00 feet to a point, then

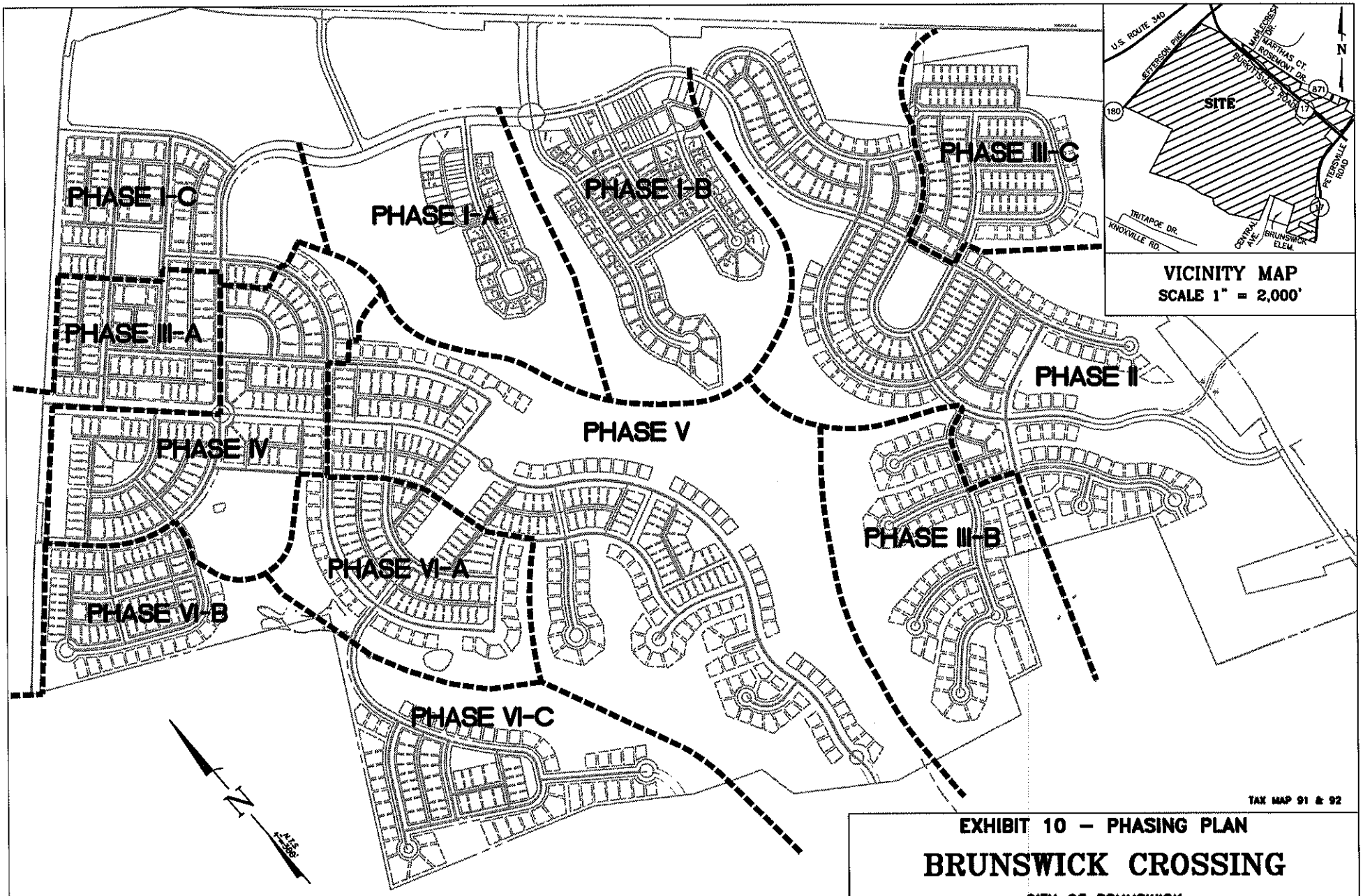
75. South 48°16'29" East, 483.77 feet to the point of beginning; containing 552.660 acres of land.

Certified correct to the best of our professional knowledge, information and belief. If the seal and signature are not violet colored, the document is a copy that should be assumed to contain unauthorized alterations. The certification contained on this document shall not apply to any copies.

Douglass H. Riggs III

Macris, Hendricks & Glascock, P.A.
Douglass H. Riggs, III, Professional Land Surveyor
Maryland Registration No. 10713

SA005DHR
00-055



VICINITY MAP
SCALE 1" = 2,000'

TAX MAP 91 & 92

EXHIBIT 10 – PHASING PLAN

BRUNSWICK CROSSING

CITY OF BRUNSWICK

25TH ELECTION DISTRICT – FREDERICK COUNTY – MARYLAND

DEVELOPMENT PHASING PLAN

BRUNSWICK CROSSING

(NOT TO SCALE)

MHG Macris, Hendricks & Glascock, P.A.
Engineers ▪ Planners
Landscape Architects ▪ Surveyors

9220 Wightman Road, Suite 120
Montgomery Village, Maryland
20886-1279

Phone 301.670.0840
Fax 301.948.0693
www.mhgpa.com

Proj. Mgr.	Designer
JAR	JAR
Date	Scale
8-09-06	N.T.S.
Project No.	Sheet
00.055.13	1 of 1

BRUNSWICK CROSSING
SPECIAL TAXING DISTRICT
CITY OF BRUNSWICK
FREDERICK COUNTY, MARYLAND

ENGINEER'S REPORT

LIST OF EXHIBITS AND TABLES

Exhibits

Exhibit 1	Vicinity Map
Exhibit 2	Boundary Map and Land Use Plan
Exhibit 3	Adequate Public Facilities Letter of Understanding
Exhibit 4	Water and Sewer Improvement Plan
Exhibit 5	Regional Roadway and Trail Improvement Plan
Exhibit 6	MDE Wastewater Treatment Plant Construction Permit
Exhibit 7	City Planning and Zoning Administrator Letter
Exhibit 8	McCarthy and Associates, Inc. Letter dated July 26, 2006.
Exhibit 9	Brunswick Crossing - City of Brunswick Water/Wastewater System Service Agreement
Exhibit 10	Development Phasing Plan

Tables

Table 1	Residential and Commercial Land Use Mix
Table 2, Page 1	Residential Development/Absorption Phasing Schedule
Table 2, Page 2	Commercial Development/Absorption Phasing Schedule
Table 3, Page 1	Summary of Total Residential and GC/OR Improvement Costs
Table 3, Page 2	Eligible Special Tax District Improvement Costs
Table 3, Page 3	Residential, Spine/Access Road and Commercial Site Improvement Costs
Table 3, Page 4	Entrance Features and Amenities Improvement Costs
Table 3, Page 5	Residential and Commercial Stormwater Management Facilities Improvement Costs
Table 4	Tentative Design, Permitting and Construction Schedule

Table 1

Brunswick Crossing
Special Tax District
Residential and Commercial Land Use Mix

Revised July 31, 2006

Land Use	Zoning	Residential Lots			Acreage	
		Lots	Typical Lot Width	% of Total	SubTotal	Total
Residential Lots						**239.6**
Single Family - Detached	R-1 / R-2 / RS	422	70 foot	28%		
Single Family - Detached - TND	R-1 / R-2 / RS	184	50 foot	12%		
Single Family - Detached - TND	R-1 / R-2 / RS	440	45 foot	29%		
Villas	R-1 / R-2 / RS	216	36 foot	14%		
Townhomes - TND	R-1 / R-2 / RS	143	24 foot	10%		
Senior Assisted Living	R-1 / R-2 / RS	100		7%		
		1505		100%		
Commercial and Retail						**37.8**
General Commercial	GC				25.8	
Office / Retail	OR				12.0	
Park / School Site						**15.1**
Green Space						**189.5**
Enfield Park					12.7	
Community / Recreational Facility					11.9	
Stream Valley Conservation Area					138.6	
Pocket Parks, Formal Greens, Play Areas					26.3	
Other						**70.7**
Right-of-Ways and Stormwater Management Facilities					70.7	
Total Land Acreage - Special Tax District						**552.7**

*** *Villa units will be age targeted and designed and marketed to meet the needs of the Active Adult Community.*

Table 2

Brunswick Crossing
Special Tax District
Residential Development/Absorption Phasing Schedule

Revised July 31, 2006

RESIDENTIAL DEVELOPMENT/ABSORPTION PERIOD			RESIDENTIAL DEVELOPMENT / ABSORPTION PHASING SCHEDULE						
Development Phase	**Start**	**Finish**	**70' SF**	**50' SF TND**	**45' SF TND**	**36' Villa**	**24' Townhome**	**Assisted Living**	**TOTAL RESIDENTIAL**
Phase I - A	July 2007	Dec. 2007	21	2	6	2	8	0	**39**
Phase I - B	Oct. 2007	Sept. 2008	42	14	30	8	18	0	**112**
Phase I - C	Jan. 2008	Sept. 2009	0	12	38	12	28	0	**90**
Total Units			***63***	***28***	***74***	***22***	***54***	***0***	***241***
Cumulative Units			***63***	***28***	***74***	***22***	***54***	***0***	***241***
Phase II	Oct. 2008	Sept. 2010	88	43	53	32	40	0	**256**
Total Units			***88***	***43***	***53***	***32***	***40***	***0***	***256***
Cumulative Units			***151***	***71***	***127***	***54***	***94***	***0***	***497***
Phase III - A	Jan. 2010	June 2011	0	14	34	18	31	0	**97**
Phase III - B	July 2010	Mar. 2012	77	0	0	0	0	0	**77**
Phase III - C	Jan. 2011	Sept. 2012	15	20	45	16	5	0	**101**
Phase III - Assisted Living	Jan. 2011	Oct. 2011	0	0	0	0	0	100	**100**
Total Units			***92***	***34***	***79***	***34***	***36***	***100***	***375***
Cumulative Units			***243***	***105***	***206***	***88***	***130***	***100***	***872***
Phase IV	July 2011	Dec. 2012	3	31	57	36	9	0	**136**
Total Units			***3***	***31***	***57***	***36***	***9***	***0***	***136***
Cumulative Units			***246***	***136***	***263***	***124***	***139***	***100***	***1008***
Phase V	Apr. 2012	Jun. 2014	102	13	80	36	4	0	**235**
Total Units			***102***	***13***	***80***	***36***	***4***	***0***	***235***
Cumulative Units			***348***	***149***	***343***	***160***	***143***	***100***	***1243***
Phase VI - A	July 2013	June 2015	27	9	52	0	0	0	**88**
Phase VI - B	Apr. 2014	June 2015	9	16	33	22	0	0	**80**
Phase VI - C	Oct. 2014	Sept. 2015	38	10	12	34	0	0	**94**
Total Units			***74***	***35***	***97***	***56***	***0***	***0***	***262***
Cumulative Units			***422***	***184***	***440***	***216***	***143***	***100***	***1505***
TOTAL RESIDENTIAL			**422**	**184**	**440**	**216**	**143**	**100**	**1505**
									TOTAL UNITS

Table 2

Brunswick Crossing
Special Tax District
Commercial Development/Absorption Phasing Schedule

Revised July 31, 2006

COMMERCIAL PHASING SCHEDULE			
GROSS LAND ACREAGE	25.8	12.0	37.8
Development / Absorption Period	Proposed Gross Sq. Ft.		TOTAL COMMERCIAL
Month / Year	Retail	Office	
June 2006			0
June 2007			0
June 2008			0
June 2009			0
June 2010	65000	20000	85000
June 2011	50000	40000	90000
June 2012	50000	40000	90000
June 2013	45900	40000	85900
June 2014	0	38100	38100
June 2015	0	0	0
TOTAL COMMERCIAL	**210900**	**178100**	**389000**

Table 3

Brunswick Crossing
Special Tax District

SUMMARY OF TOTAL RESIDENTIAL AND GC/OR IMPROVEMENT COSTS

Revised September 15, 2006

Description of Improvements	Table Reference	Improvement Costs Total by Development Phase						Total Project Improvement Costs	
		Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI		
Special Tax District Eligible Improvements									
City Procured Improvements									
Infrastructure - Water and Sewer	Table 3, Page 2	$ 25,326,394						$ 25,326,394	
Total City Procured Special Tax District Improvements		**$ 25,326,394**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 25,326,394**	
Developer Procured Improvements									
Infrastructure - Water and Sewer	Table 3, Page 2	$ 2,163,936						$ 2,163,936	
Infrastructure - Roadways	Table 3, Page 2	$ 7,821,474						$ 7,821,474	
Right-of-Ways and Easements	Table 3, Page 2	$ 100,000						$ 100,000	
Trail System	Table 3, Page 2	$ 2,149,777						$ 2,149,777	
Total Developer Procured Special Tax District Improvements		**$ 12,235,187**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 12,235,187**	
TOTAL ELIGIBLE IMPROVEMENTS - SPECIAL TAX DISTRICT FINANCING		**$ 37,561,581**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 37,561,581**	(1)
Residential Improvements - Developer Financed									
Residential Site Improvement Costs	Table 3, Page 3	$ 12,224,344	$ 13,161,557	$ 14,758,645	$ 6,926,510	$ 12,429,811	$ 13,736,520	$ 73,237,387	
Spine / Access Road Improvement Costs	Table 3, Page 3	$ 1,839,506						$ 1,839,506	
Entrance Features & Amenities	Table 3, Page 4	$ 4,260,000	$ 500,000	$ 100,000	$ 1,500,000	$ 325,000	$ 325,000	$ 7,010,000	
Stormwater Management Facilities	Table 3, Page 5	1,595,000	895,000	815,000	870,000	1,215,000	1,085,000	$ 6,475,000	
TOTAL RESIDENTIAL IMPROVEMENTS - DEVELOPER FINANCED		**$ 19,918,850**	**$ 14,556,557**	**$ 876,783**	**$ 9,296,510**	**$ 13,969,811**	**$ 15,146,520**	**$ 88,561,893**	
Commercial Improvements - Developer Financed									
Commercial Site Improvement Costs	Table 3, Page 3		$ 2,636,486					$ 2,636,486	
Stormwater Management Facilities	Table 3, Page 5	$ 300,000	-	-	-	-	-	$ 300,000	
TOTAL COMMERCIAL IMPROVEMENTS - DEVELOPER FINANCED		**$ 300,000**	**$ 2,636,486**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,936,486**	
GRAND TOTAL IMPROVEMENT COSTS		**$ 57,780,431**	**$ 17,193,043**	**$ 876,783**	**$ 9,296,510**	**$ 13,969,811**	**$ 15,146,520**	**$ 129,059,960**	***

(1) ***SPECIAL TAX DISTRICT BOND PROCEEDS TO FUND ELIGIBLE IMPROVEMENTS ONLY*** ***$ 26,483,034***

IMPROVEMENTS TO BE FUNDED BY DEVELOPER FROM PRIVATE SOURCES ***$ 102,576,926***

*** *includes Bond, Permit, Inspection and Engineering Fees, 3% Administrative Fee and required Contingency*

Table 3

Brunswick Crossing
Special Tax District

ELIGIBLE SPECIAL TAX DISTRICT IMPROVEMENTS

Revised September 15, 2006

Improvement Description	Improvement Cost: Construction Costs	Contingency	Sub-Total Construction Costs including Contingency	Engineering and Survey Costs as percentage of Sub-Total Construction Costs		Bonds, Permits, Release, Admin & Inspection Fees as percentage of Sub-Total Construction Costs		TOTAL CONSTRUCTION COSTS
City Procured Improvements								
Infrastructure - Water and Sewer								
Wastewater Treatment Plant	$ 12,942,000	5.0%	$ 13,589,100	5.00%	$ 679,455	7.25%	$ 985,210	$ **15,253,765** *
Sewer Interceptor *(5,035 lf)*	763,000	20.0%	$ 915,600	10.00%	$ 91,560	20.0%	183,120	$ **1,190,280**
Elevated Water Storage Tank	1,525,000	15.0%	$ 1,753,750	6.50%	$ 113,994	20.0%	350,750	$ **2,218,494**
Booster Pump Station	250,000	20.0%	$ 300,000	20.00%	$ 60,000	20.0%	60,000	$ **420,000**
Water Treatment Plant	1,176,000	20.0%	$ 1,411,200	15.50%	$ 218,736	20.0%	282,240	$ **1,912,176**
Water Mains *(13,423 lf)*	1,680,000	20.0%	$ 2,016,000	7.00%	$ 141,120	20.0%	403,200	$ **2,560,320**
Redundant Rechlorination Facility	54,000	20.0%	$ 64,800	12.00%	$ 7,776	20.0%	12,960	$ **85,536**
Sensors/Transmission Equipment at Elevated Tanks, Reservoir and Pump Stations	70,500	20.0%	$ 84,600	12.00%	$ 10,152	20.0%	16,920	$ **111,672**
Receiver, Hardware and Software For Remote Monitoring System	20,000	20.0%	$ 24,000	18.00%	$ 4,320	20.0%	4,800	$ **33,120**
Direct Reservoir Discharge	19,800	20.0%	$ 23,760	10.00%	$ 2,376	20.0%	4,752	$ **30,888**
Eliminate Low Pressure Zones	49,000	20.0%	$ 58,800	10.00%	$ 5,880	20.0%	11,760	$ **76,440**
Raw Water Presedimentation Basin	885,000	20.0%	$ 1,062,000	15.00%	$ 159,300	20.0%	212,400	$ **1,433,700**
Total City Procured Improvements - Infrastructure Water & Sewer	$ **19,434,300**		$ **21,303,610**		$ **1,494,669**		$ **2,528,112**	$ **25,326,394**
Developer Procured Improvements								
Infrastructure - Water and Sewer								
Local Sewer Outfall *(11,113 lf)*	1,387,138	20.0%	$ 1,664,566	15.00%	$ 249,685	15.0%	249,685	$ **2,163,936**
Infrastructure - Roadways			$ -		$ -		$ -	$ -
Petersville Road Entrance	$ 246,802	20.0%	$ 296,162	15.00%	$ 44,424	15.0%	$ 44,424	$ **385,011**
Jefferson Pike Road Entrances (3)	740,406	20.0%	$ 888,487	15.00%	$ 133,273	15.0%	133,273	$ **1,155,034**
Central Avenue Improvements *(1,005 lf)*	343,614	20.0%	$ 412,337	15.00%	$ 61,851	15.0%	61,851	$ **536,038**
US Route 340 - Westbound - Interchange	350,000	20.0%	$ 420,000	15.00%	$ 63,000	15.0%	63,000	$ **546,000**
Intersection of MD Route 464 & 9th Avenue	475,000	20.0%	$ 570,000	15.00%	$ 85,500	15.0%	85,500	$ **741,000**
MD Route 17 (Burkittsville Road) Gateway *(2,430 lf)*	2,559,500	20.0%	$ 3,071,400	15.00%	$ 460,710	20.0%	614,280	$ **4,146,390**
Little Catoctin Creek Drive *(630 lf)*	200,000	20.0%	$ 240,000	15.00%	$ 36,000	15.0%	36,000	$ **312,000**
Sub-Total - Developer Procured - Roadways			$ -		$ -		$ -	$ -
Right-of-Ways and Easements	100,000	0.0%	$ 100,000	0.00%	$ -	0.0%	$ -	$ **100,000**
Trail System *(24,503 lf)*	1,378,062	20.0%	$ 1,653,674	15.00%	$ 248,051	15.0%	248,051	$ **2,149,777**
Total Developer Procured Improvements - Infrastructure Water & Sewer and Roadways, Right of Ways & Easements and Trail System	$ **7,780,522**		$ **9,316,626**		$ **1,382,494**		$ **1,536,064**	$ 12,235,187
TOTAL SPECIAL TAX DISTRICT ELIGIBLE IMPROVEMENTS	$ **27,214,822**		$ **30,620,236**		$ **2,877,163**		$ **4,064,176**	$ **37,561,581** ***

NOTE: City Procured Improvements shall be the first to be secured by the Special Tax District, to the extent that bond funds are available. Thereafter, Developer Procured Improvements shall then be funded by the Special Tax District to the extent that remaining bond funds are available. Developer shall fund the balance of the above improvements to the extent Special Tax District bond funds are insufficient or unavailable.

* *Total Costs based on actual construction bid. Engineering and Soft Costs based on original construction estimate.*

Table 3

Brunswick Crossing
Special Tax District

RESIDENTIAL, SPINE/ACCESS ROAD AND COMMERCIAL SITE IMPROVEMENT COSTS

Revised September 15, 2006

Cost Elements of Residential Site Improvements	Single Family 70'	Single Family 50' & 45'	Villas 36'	Townhomes 24'	Assisted Living	TOTAL COSTS: RESIDENTIAL
Excavation	$ 5,900	$ 5,200	$ 4,900	$ 4,700	$ 590	$ 7,524,100
Retaining Walls	2,900	2,700	2,600	2,400	290	3,842,400
Sediment Control	2,300	2,100	2,000	1,900	230	3,007,700
Curb and Gutter	1,900	2,300	1,900	1,300	190	2,852,300
Paving	4,300	4,900	4,100	3,100	430	6,244,100
Utility Conduit	1,500	1,000	800	600	150	1,530,600
Sidewalk	1,400	1,000	700	500	140	1,451,500
Storm Drain	3,900	4,300	4,000	3,700	390	5,761,100
Water and Sewer	8,100	7,500	7,200	7,100	810	10,749,700
Rock	4,000	3,500	3,000	2,800	400	4,960,400
Street Lights, Street Signs & Misc.	800	800	600	500	80	1,045,900
Landscaping	1,000	1,300	1,000	800	100	1,573,600
Subtotal for Bonds & Permit Fees	**$ 38,000**	**$ 36,600**	**$ 32,800**	**$ 29,400**	**$ 3,800**	**$ 50,543,400**
Bonds and Permits @ 8%	3,040	2,928	2,624	2,352	304	4,043,472
Bond Release @ 5%	1,900	1,830	1,640	1,470	190	2,527,170
Administrative @ 3%	1,140	1,098	984	882	114	1,516,302
Engineering and Survey @ 10%	3,800	3,660	3,280	2,940	380	5,054,340
Subtotal for Contingency	**$ 47,880**	**$ 46,116**	**$ 41,328**	**$ 37,044**	**$ 4,788**	**$ 63,684,684**
Contingency @ 15%	7,182	6,917	6,199	5,557	$ 718	9,552,703
Total per Lot Cost of Improvements	**$ 55,062**	**$ 53,033**	**$ 47,527**	**$ 42,601**	**$ 5,506**	**$ 73,237,387**
Number of Residential Lots	**422**	**624**	**216**	**143**	**100**	**1505**
TOTAL RESIDENTIAL SITE IMPROVEMENT COSTS	**$ 23,236,164**	**$ 33,092,842**	**$ 10,265,875**	**$ 6,091,886**	**$ 550,620**	**$ 73,237,387** ***

Cost Elements of Residential Spine/Access Road Improvements	Potomac View Parkway West	Volunteer Drive	TOTAL COSTS: SPINE/ACCESS ROAD
Potomac View Parkway West (1800 lf)	$ 1,044,000		1,044,000
Volunteer Drive (550 lf)		$ 225,500	225,500
Subtotal for Bonds & Permit Fees	**$ 1,044,000**	**$ 225,500**	**$ 1,269,500**
Bonds and Permits @ 8%	83,520	18,040	101,560
Bond Release @ 5%	52,200	11,275	63,475
Administrative @ 3%	31,320	6,765	38,085
Engineering and Survey @ 10%	104,400	22,550	126,950
Subtotal for Contingency	**$ 1,315,440**	**$ 284,130**	**$ 1,599,570**
Contingency @ 15%	197,316	42,620	239,936
TOTAL SPINE/ACCESS ROAD IMPROVEMENT COSTS	**$ 1,512,756**	**$ 326,750**	**$ 1,839,506** ***

Cost Elements of Commercial Site Improvements	Retail 210,900 SF	Office 178,100 SF	TOTAL COSTS: COMMERCIAL
Sediment Control	315,900	157,700	473,600
Excavation	740,257	605,664	1,345,921
Subtotal for Bonds & Permit Fees	**$ 1,056,157**	**$ 763,364**	**$ 1,819,521**
Bonds and Permits @ 8%	84,493	61,069	145,562
Bond Release @ 5%	52,808	38,168	90,976
Administrative @ 3%	31,685	22,901	54,586
Engineering and Survey @ 10%	105,616	76,336	181,952
Subtotal for Contingency	**$ 1,330,758**	**$ 961,839**	**$ 2,292,596**
Contingency @ 15%	199,614	144,276	343,889
TOTAL COMMERCIAL SITE IMPROVEMENT COSTS	**$ 1,530,371**	**$ 1,106,114**	**$ 2,636,486** ***

*** *excludes Stormwater Management Facilities; see Table 3, Page 5*

Table 3

Brunswick Crossing
Special Tax District

ENTRANCE FEATURES AND AMENITIES IMPROVEMENT COSTS

Revised September 15, 2006

Improvement Description	Improvement Costs							
Description	Construction Costs $	Contingency 15.0%	Subtotal w/ Contingency $	Engineering and Survey 15.0%	Bonds & Permits Bond Release 8.0%	Inspection Fee 5.0%	Administrative Fee 3.0%	TOTAL CONSTRUCTION $
Entrance Features - *includes grading, signage and landscaping*								
Little Catoctin Creek Drive	$ 165,950	$ 24,893	$ 190,843	$ 28,623	$ 15,267	$ 9,542	$ 5,725	$ 250,000
Volunteer Drive, Monocacy River Parkway, Martins Creek Drive, Dutchmans Creek Drive	132,760	$ 19,914	$ 152,674	$ 22,898	$ 12,214	$ 7,634	$ 4,580	$ 200,000
Potomac View Parkway West, Central Avenue	33,190	$ 4,979	$ 38,169	$ 5,724	$ 3,054	$ 1,908	$ 1,145	$ 50,000
Sub-Total - Entrance Features	**$ 331,900**	**$ 49,786**	**$ 381,686**	**$ 57,245**	**$ 30,535**	**$ 19,084**	**$ 11,450**	**$ 500,000**
Amenities								
Community Center and Bathhouse	$ 1,466,975	$ 220,046	$ 1,687,021	$ 253,055	$ 134,962	$ 84,351	$ 50,611	$ 2,210,000
Recreational Facilities	1,194,825	$ 179,224	$ 1,374,049	$ 206,104	$ 109,924	$ 68,702	$ 41,221	$ 1,800,000
anticipated to include swimming pool, tennis courts and playing fields								
Pocket Parks, Formal Greens, Play Areas	1,659,475	$ 248,921	$ 1,908,396	$ 286,260	$ 152,672	$ 95,420	$ 57,252	$ 2,500,000
Sub-Total - Amenities	**$ 4,321,275**	**$ 648,191**	**$ 4,969,466**	**$ 745,419**	**$ 397,558**	**$ 248,473**	**$ 149,084**	**$ 6,510,000**
TOTAL ENTRANCE FEATURES AND AMENITIES IMPROVEMENT COST	**$ 9,306,350**	**$ 1,395,954**	**$ 10,702,304**	**$ 1,605,328**	**$ 856,186**	**$ 535,114**	**$ 321,068**	**$ 14,020,000** ***

*** *Amenities and Costs may vary based on final design*

Table 3

Brunswick Crossing
Special Tax District

RESIDENTIAL AND COMMERCIAL STORMWATER MANAGEMENT FACILITIES IMPROVEMENT COSTS

Revised September 15, 2006

Development Phase	Number of Stormwater Management Facilities						Cost per Stormwater Management Facility					Construction Costs	Contingency	Subtotal with Contingency	Engineering & Survey	Bonds, Permits & Release	Inspection Fee	Administrative Fee	TOTAL CONSTRUCTION COSTS
	Small	Medium	Large	Specialty (Large)	Water Quality	Total	Small	Medium	Large	Specialty	Water Quality		15.0%		15.0%	8.0%	5.0%	3.0%	
							$ 82,500	$ 150,000	$ 200,000	$ 335,000	$ 23,500								
Phase I-A	1	0	1	1	2	5	$ 82,500	$ -	$ 200,000	$ 335,000	$ 47,000	$ 664,500	$ 99,675	$ 764,175	$ 114,626	$ 61,134	$ 38,209	$ 22,925	$ 1,001,069
Phase I-B	1	0	1	0	3	5	$ 82,500	$ -	$ 200,000	$ -	$ 70,500	$ 353,000	$ 52,950	$ 405,950	$ 60,893	$ 32,476	$ 20,298	$ 12,179	$ 531,795
Phase I-C	0	0	0	0	2	2	$ -	$ -	$ -	$ -	$ 47,000	$ 47,000	$ 7,050	$ 54,050	$ 8,108	$ 4,324	$ 2,703	$ 1,622	$ 70,806
Subtotal Phase I	***2***	***0***	***2***	***1***	***7***	***12***	***$ 165,000***	***$ -***	***$ 400,000***	***$ 335,000***	***$ 164,500***	***$ 1,064,500***	***$ 159,675***	***$ 1,224,175***	***$ 183,626***	***$ 97,934***	***$ 61,209***	***$ 36,725***	***$ 1,603,669***
Phase II	2	1	2	0	2	7	$ -	$ 150,000	$ 400,000	$ -	$ 47,000	$ 597,000	$ 89,550	$ 686,550	$ 102,983	$ 54,924	$ 34,328	$ 20,597	$ 899,381
Subtotal Phase II	***2***	***1***	***2***	***0***	***2***	***7***	***$ -***	***$ 150,000***	***$ 400,000***	***$ -***	***$ 47,000***	***$ 597,000***	***$ 89,550***	***$ 686,550***	***$ 102,983***	***$ 54,924***	***$ 34,328***	***$ 20,597***	***$ 899,381***
Phase III-A	0	0	0	0	2	2	$ -	$ -	$ -	$ -	$ 47,000	$ 47,000	$ 7,050	$ 54,050	$ 8,108	$ 4,324	$ 2,703	$ 1,622	$ 70,806
Phase III-B	3	0	0	0	0	3	247,500	-	-	-	-	$ 247,500	$ 37,125	$ 284,625	$ 42,694	$ 22,770	$ 14,231	$ 8,539	$ 372,859
Phase III-C	0	0	1	0	2	3	-	-	200,000	-	47,000	$ 247,000	$ 37,050	$ 284,050	$ 42,608	$ 22,724	$ 14,203	$ 8,522	$ 372,106
Subtotal Phase III	***3***	***0***	***1***	***0***	***4***	***8***	***$ 247,500***	***$ -***	***$ 200,000***	***$ -***	***$ 94,000***	***$ 541,500***	***$ 81,225***	***$ 622,725***	***$ 93,409***	***$ 49,818***	***$ 31,136***	***$ 18,682***	***$ 815,770***
Phase IV	0	0	1	1	2	4	$ -	$ -	$ 200,000	$ 335,000	$ 47,000	$ 582,000	$ 87,300	$ 669,300	$ 100,395	$ 53,544	$ 33,465	$ 20,079	$ 876,783
Subtotal Phase IV	***0***	***0***	***1***	***1***	***2***	***4***	***$ -***	***$ -***	***$ 200,000***	***$ 335,000***	***$ 47,000***	***$ 582,000***	***$ 87,300***	***$ 669,300***	***$ 100,395***	***$ 53,544***	***$ 33,465***	***$ 20,079***	***$ 876,783***
Phase V	2	1	2	0	4	9	$ 165,000	$ 150,000	$ 400,000	$ -	$ 94,000	$ 809,000	$ 121,350	$ 930,350	$ 139,553	$ 74,428	$ 46,518	$ 27,911	$ 1,218,759
Subtotal Phase V	***2***	***1***	***2***	***0***	***4***	***9***	***$ 165,000***	***$ 150,000***	***$ 400,000***	***$ -***	***$ 94,000***	***$ 809,000***	***$ 121,350***	***$ 930,350***	***$ 139,553***	***$ 74,428***	***$ 46,518***	***$ 27,911***	***$ 1,218,759***
Phase IV-A	0	0	0	0	2	2	$ -	$ -	$ -	$ -	$ 47,000	$ 47,000	$ 7,050	$ 54,050	$ 8,108	$ 4,324	$ 2,703	$ 1,622	$ 70,806
Phase IV-B	0	0	1	0	2	3	-	-	200,000	-	47,000	$ 247,000	$ 37,050	$ 284,050	$ 42,608	$ 22,724	$ 14,203	$ 8,522	$ 372,106
Phase IV-C	1	2	0	0	2	5	82,500	300,000	-	-	47,000	$ 429,500	$ 64,425	$ 493,925	$ 74,089	$ 39,514	$ 24,696	$ 14,818	$ 647,042
Subtotal Phase IV	***1***	***2***	***1***	***0***	***6***	***10***	***$ 82,500***	***$ 300,000***	***$ 200,000***	***$ -***	***$ 141,000***	***$ 723,500***	***$ 108,525***	***$ 832,025***	***$ 124,804***	***$ 66,562***	***$ 41,601***	***$ 24,961***	***$ 1,089,953***
SUB-TOTAL RESIDENTIAL STORMWATER MANAGEMENT	10	4	9	2	25	50	$ 660,000	$ 600,000	$ 1,800,000	$ 670,000	$ 587,500	$ 4,317,500	$ 647,625	$ 4,965,125	$ 744,769	$ 397,210	$ 248,256	$ 148,954	$ 6,504,314 ***
SUB-TOTAL COMMERCIAL STORMWATER MANAGEMENT (OFFICE ONLY)	0	0	1	0	0	1	$ -	$ -	$ 200,000	$ -	$ -	$ 200,000	$ 30,000	$ 230,000	$ 34,500	$ 18,400	$ 11,500	$ 6,900	$ 301,300 ***
TOTAL RESIDENTIAL and COMMERCIAL STORMWATER MANAGEMENT	***10***	***4***	***10***	***2***	***25***	***51***	***$ 660,000***	***$ 600,000***	***$ 2,000,000***	***$ 670,000***	***$ 587,500***	***$ 4,517,500***	***$ 677,625***	***$ 5,195,125***	***$ 779,269***	***$ 415,610***	***$ 259,756***	***$ 155,854***	***$ 6,805,614 ***

*** *includes Bond, Permit and Engineering Fees, 3% Administrative Fee and Contingency*

Table 4

Brunswick Crossing
Special Tax District
Tentative Design, Permitting and Construction Schedule

Revised July 31, 2006

IMPROVEMENT	DESIGN and PERMITTING PERIOD			CONSTRUCTION PERIOD		
	Start		Finish	Start		Finish
SPECIAL TAX DISTRICT IMPROVEMENTS						
Water & Sewer						
Wastewater Treatment Plant Upgrade	May 2004	to	May 2006	Sep 2006	to	Sep 2007
Water Treatment Plant Expansion	Feb 2006	to	Nov 2006	Jan 2007	to	Feb 2008
Presedimentation Basin	May 2006	to	Mar 2007	Aug 2007	to	Apr 2008
Elevated Tank/ Booster Pump Station	Sep 2005	to	Jul 2006	Sep 2006	to	Sep 2007
Water Suply Mains	Oct 2005	to	Aug 2006	Nov 2006	to	May 2007
Sewer Mains	Oct 2005	to	Sep 2006	Nov 2006	to	Jun 2007
Roadway & Trails						
MD 340 westbound ramp at MD 17	Nov 2005	to	Feb 2007	Mar 2007	to	Sep 2007
Intersection of MD 464 & 9th Ave.	Nov 2005	to	Feb 2007	Mar 2007	to	Dec 2007
Central Avenue	Sep 2006	to	May 2007	Nov 2007	to	Jul 2008
MD 17 Gateway Improvements	Nov 2005	to	Feb 2007	Mar 2007	to	Dec 2007
Little Catoctin Creek Drive	Sep 2006	to	Feb 2007	Mar 2007	to	Sep 2007
Access Improvements to MD 180 and MD 17 at Entrances	Nov 2005	to	As necessary to provide access to individual phases	Mar 2007	to	As necessary to provide access to individual phases
SITE IMPROVEMENTS (by Development phase)						
Phase I (241 units)	Feb 2006	to	Jan 2007	Feb 2007	to	Jan 2008
Phase II (256 units)	Feb 2007	to	Oct 2007	Nov 2007	to	Oct 2008
Phase III (375 units)	Jan 2008	to	Jan 2009	Feb 2009	to	Jan 2010
Phase IV (136 units)	Nov 2009	to	Oct 2010	Nov 2010	to	Jul 2011
Phase V (235 units)	Jan 2011	to	Aug 2011	Sep 2011	to	Apr 2012
Phase VI (262 units)	Jun 2012	to	Sep 2013	Oct 2013	to	Jul 2013
Retail / Office	May 2007	to	May 2009	Jun 2009	to	Jun 2010

Table 4
Tentative Design, Permitting
Construction Schedule

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APPENDIX D

MARKET STUDY

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BRUNSWICK CROSSING
SPECIAL TAXING DISTRICT
FREDERICK COUNTY, MARYLAND
MARKET ANALYSIS

Submitted by:

Lipman Frizzell & Mitchell LLC
8815 Centre Park Drive
Suite 200
Columbia, MD 21045

May 8, 2006

Lipman Frizzell & Mitchell LLC

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Catherine E. Ward
Michael J. Chicorelli
Janet L. Seward
James E. Caminis
Jack L. Powell, Jr.
Deborah M. Ryba, *Mgr.*

May 8, 2006

Ms. Fran Busby
Prager, Sealy & Co., LLC
9907 Georgetown Pike, Suite 203
P.O. Box 374
Great Falls, VA 22066

Dear Ms. Busby:

SUBJECT: BRUNSWICK CROSSING SPECIAL TAXING DISTRICT
Market Analysis

Enclosed please find Lipman Frizzell & Mitchell's market analysis of the Brunswick Special Taxing District located in the City of Brunswick, Frederick County, Maryland.

Based on our review of available plans and demographic and economic data, LF&M has analyzed the market environment for the Brunswick Crossing mixed use development and drawn certain conclusions. We find the market environment to be very positive and the prospects for successful development to be excellent.

Please call me at (410) 423-2372 if you have any questions or comments.

Sincerely,
LIPMAN FRIZZELL & MITCHELL LLC

Joseph M. Cronyn

Joseph M. Cronyn
Partner

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BRUNSWICK CROSSING
SPECIAL TAXING DISTRICT
MARKET ANALYSIS
EXECUTIVE SUMMARY

Lipman Frizzell & Mitchell LLC (LF&M) has been engaged to conduct an independent market analysis of the Brunswick Crossing Special Taxing District. Brunswick Crossing is located in the City of Brunswick, Frederick County, Maryland. Based on our review of available plans and demographic and economic data, LF&M has analyzed the market environment for the Brunswick Crossing mixed use development and drawn certain conclusions.

Market Environment

LF&M finds the Brunswick Crossing market environment is exceptionally favorable for residential and commercial development. In particular, we find the following:

- Location - The subject development is well located in the City of Brunswick, with excellent highway and MARC commuter rail access. It is proximate to the Potomac River and is well positioned to participate in the dynamic growth now taking place in the Washington Combined Statistical Area (CSA) and Frederick County particularly.

- Scale & Quality - The subject will be of sufficient scale and will offer a broad spectrum of for-sale residential product, enabling it to create its own market. The land planning is of high quality and includes many amenities, enhancing the marketability of the community. The mixed use nature of the community, including modern commercial uses in particular, will make it a desirable place to live.

- Special Taxing District - The Special Taxing District method of funding infrastructure improvements has been well accepted in Frederick County and the special taxes levied on the residential properties are not anticipated to be a hindrance to sales.

- Washington Region Economy - The Washington CSA leads the country in economic expansion, setting a very positive market environment for Frederick County and the City of Brunswick. Frederick County is one of the fastest growing jurisdictions within the Region. Within this attractive environment, Frederick County has been able to establish itself as a particularly appealing place to live. The area boasts a wonderful, small-town, quasi-rural character and competitively priced housing--particularly in comparison to other Washington D.C. suburbs.

- Brunswick Crossing - The Brunswick Crossing development is consistent with Frederick County and City of Brunswick planning efforts, promoting the growth of the

City as the designated Regional Community for the Brunswick Region. The subject will essentially double the size of the City and introduce a significantly greater inventory of higher priced homes than available in recent history. This is possible due to the City's shift to a suburban bedroom community, attributable to the MARC commuter rail station and the expansion of employment opportunities into Frederick County and neighboring jurisdictions in Virginia.

Residential Uses

The new home market in southern Frederick County continues to thrive despite the rising cost of land and new home product. Despite the fact that southern Frederick County's new home prices have escalated over the past several years, homes in this region remain particularly affordable, especially in relation to new home prices in the Washington, D.C. suburbs of Montgomery County, Maryland and Fairfax County, Virginia.

Based upon recent sales, LF&M has evaluated competitive product and has developed a pricing matrix for new homes within Brunswick Crossing in current dollars. In general, we would expect pricing to be somewhat less than the new home pricing achievable in the Urbana area—but comparable to or somewhat higher than in the nearby single family subdivisions, such as Galyn Manor, Green Hill Manor, Adamstown Commons, among others. This pricing premium can be attributed to the PUD's planned commercial and retail opportunities as well as the community features not available within a residential subdivision. On the other hand, Brunswick Crossing is not as centrally located as Urbana and, as such, pricing will need to take into account its slightly less favored location.

Our proposed pricing per product line and a discussion of the rationale for our conclusions is presented below.

- **Standard Single Family Detached** - This product type assumes five homes per acre and a lot size of roughly 70 ft. in width and up to 310 ft. deep. At the present time, NV Homes is selling traditional homes on one-third acre lots in Adamstown Commons with base prices in the range of $500,000-$700,000 (though two homes settled in 2005 at an average of $768,770). We believe that the homes in Brunswick Crossing can be competitively priced with those in Adamstown Commons despite their smaller lot size, given the community's more attractive setting and amenities. As a result, LF&M judges that these homes will be able to be sold for an average base price of $600,000 ($180 per sq.ft.) in current dollars for a home averaging approximately 3,300 sq.ft.

- **Neo-Traditional Single Family Detached** – According to the development plan for this community, it is anticipated that there will be neo-traditional homes with lot size of 45 – 50 ft. in width and up to 125 ft. deep. This would result in roughly eight single family homes per acre in that design format. The base pricing for competitive homes within the southern Frederick market area ranges from a low of

$460,000 for Ryan Homes product in Adamstown Commons to $550,000 for NV Homes product in this same community. In addition, we note that pricing of neo-traditional homes in Adamstown Commons is roughly $65,000 - $90,000 less than pricing of standard lot homes. Conservatively, we judge that the neo-traditional homes in this community could be base priced today at an average of $510,000 ($200 per sq.ft.) for average 2,550 sq.ft. homes on the 45 ft. wide lots and an average of $525,000 ($200 per sq.ft.) for average 2,625 sq.ft. homes located on 50 ft. wide lots.

- **Neo-Traditional Single Family Attached** - The neo-traditional townhome lots are likely to be 24 ft. wide and as much as 140 ft. deep. Overall, we would expect that the overall density for these units will be approximately 18 - 20 units per acre. Given the relatively small size of these lots, the actual achievable pricing depends less on the lot and more on the house design and its features. As a result, it is more difficult to project the achievable pricing for these homes. Conservatively, we would expect that townhomes in this community could be base priced at an average of $375,000 ($180 per sq.ft.) for a 2,100 sq.ft. unit. This is $135,000 less than the proposed pricing for the neo-traditional single family homes in Brunswick Crossing. This pricing is $15,000-$20,000 less than the Ryan Homes townhomes which have just sold out in the Villages of Urbana. This is appropriate given Urbana's superior location with regard to transportation routes.

- **Standard and Neo-Traditional Villas** - While there are likely to be two styles of single-story attached villa homes, the lot frontage for both product types is estimated to be 36 ft. wide with lot depths of up to 125 ft deep. This would yield approximately 12 – 14 units per acre. This product is not currently available in the southern Frederick area. Generally, however, villa units will sell at a premium to townhomes but at a discount to single family detached homes. Given this pricing framework, we judge that the villa units can be base priced at $425,000 ($190 per sq.ft.) for a 2,200 sq.ft. unit. This is $50,000 higher than the townhomes yet $85,000 less than the lowest priced single family detached home in Brunswick Crossing.

The table below illustrates our estimated achievable pricing in current dollars at Brunswick Crossing.

Brunswick Crossing PUD – Achievable Pricing ($2006)			
Unit Type	**Lot Width**	**Units**	**Pricing**
Single Family Detached	70 ft.	422	$600,000
Single Family Detached- NT	50 ft.	184	$525,000
Single Family Detached-NT	45 ft.	440	$510,000
Villa Homes	36 ft.	60	$425,000
Villa Homes-NT	36 ft.	156	$425,000
Townhouses-NT	24 ft.	143	$375,000

Residential Absorption

LF&M finds that the pace of sales in the area has remained strong at typically 2-4 units per month per builder in competitive subdivisions. The spikes in demand seen in other markets during the first three quarters of 2005, for example, were moderated in the Frederick County market by caps on the release of lots imposed by agreement with public authorities. We have seen no evidence of above-normal concessions or other indicators of over-supply of spec-built homes or subdivision lots in the area. Demand indicators for all future time periods remain exceptionally strong.

Based on the sales pace of subdivisions now selling and assuming that no fewer than three of the above unit types will be marketed at any given time, therefore, LF&M estimates that the subject's overall sales pace can average 13-15 units per month over its ten year development period.

Non-Residential Uses

As regards commercial uses, LF&M finds that the market area contains commercial uses which have been limited in number and quality by the area's historically low population density and moderate household incomes. We also find that consumer demand within the market area is likely to support a new supermarket and related in-line retailers in addition to existing retail uses. The subject's new upscale homeowners will have expanded demand in the area, enabling commercial supply to broaden also.

LF&M also finds that the market for other income-producing uses has yet to mature at this point. Nonetheless, as Brunswick Crossing is built out and as the City of Brunswick reinforces its position as the designated Regional Community for Frederick County's Brunswick Region, there will likely develop sufficient residential density to support population-serving professional offices at the subject site. In addition, we recommend the developer have some flexibility on the specific segment of the senior living business to be targeted for the PUD's planned 100-unit age-restricted component, especially since that business is ever evolving. We view moderate income independent living apartments as the niche most likely to be successful in this location, since senior independent living apartments are not present in the Brunswick area and they offer the opportunity to serve seniors with more moderate means who have fewer living alternatives.

I. INTRODUCTION

Lipman Frizzell & Mitchell LLC (LF&M) has been engaged to conduct an independent market analysis of the Brunswick Crossing Special Taxing District. The purpose of this analysis is to establish a framework within which to forecast the likely taxable values and their timing in order to estimate special tax revenues attributable to the development effort. Brunswick Crossing is located in the City of Brunswick, Frederick County, Maryland.

A. PURPOSE OF THE ASSIGNMENT

The Brunswick Crossing Special Taxing District encompasses mixed use development which includes the following principal elements:

> Brunswick Crossing Planned Unit Development - Residential development with a maximum density of 1,505 units including single family detached and attached products as well as 100 senior assisted living units. Substantial community use and open space land are incorporated in the PUD master plan.
>
> Commercial Development - General commercial/retail and office space uses totaling approximately 389,000 sq.ft.

Brunswick Crossing is to be developed on an assembled site of approximately 552.7 acres. Proceeds from the Brunswick Special Taxing District (STD) bonds will fund design and construction costs of significant infrastructure improvements required to benefit the Brunswick Crossing development and existing City residents. Such improvements will include:

- Upgrade and expansion of the City of Brunswick's Wastewater Treatment Plant
- Upgrade and expansion of the City of Brunswick's Water Treatment Plant building
- Construction of an elevated water storage facility
- Construction of water and sewer transmission mains
- Various road widening and intersection improvements
- Open space, park and recreational facilities, stormwater management facilities
- Other public improvements and equipment as agreed upon by the developer and City of Brunswick

LF&M evaluates the market prospects for the Brunswick Crossing commercial and residential product within their regional market environment. In particular, the following

issues are explored in this report with regard to the market analysis of the subject project:

- Regional Economy - What trends are evident in the local Frederick County and regional Washington Metropolitan Area economies?

- Competitive Environment - What are the characteristics of the competitive product markets within which each real estate product must contend?

- Prospective Development - What are the market prospects for the principal commercial and residential properties in the Special Taxing District?

All financial estimates are stated in 2006 dollars. Adjustments must be made as the project proceeds to accommodate the timing of product, future financial market conditions and other factors.

B. ORGANIZATION OF THE REPORT

Following this introduction, the report is organized in five principal sections: description of the Brunswick Crossing Special Taxing District, analysis of its market environment, evaluation of for-sale residential product, evaluation of commercial development, summary and conclusions.

Throughout the text, maps and tables will be inserted immediately following the narrative reference to them. They are not assigned page numbers.

C. UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

The conclusions reached in an economic analysis such as this are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors including the performance of public authorities, the impact of changes in general and local economic conditions and the absence of material changes in the regulatory or competitive environment. LF&M's underlying assumptions and limiting conditions are further delineated in Appendix A.

LF&M consents to the use and distribution of this market feasibility analysis in connection with the sale of bonds to finance public infrastructure improvements within the Brunswick Crossing Special Taxing District.

Neither all nor any part of the content of this report, especially any conclusions as to market feasibility, the identity of the analysts, or any reference to Lipman Frizzell & Mitchell, LLC shall be otherwise disseminated through advertising media, public relations media, news media or any other means of communication other than for this specific document without the prior written consent of LF&M.

D. MARKET ANALYST QUALIFICATIONS

Lipman Frizzell & Mitchell, LLC (LF&M) is a multifaceted real estate consulting and appraisal firm serving the Mid-Atlantic since 1977. LF&M is the Region's largest real estate advisory firm, with 25 professionals in our Columbia, MD headquarters.

The LF&M principal-in-charge of this assignment has been Joseph Cronyn, Partner. He has over 30 years of real estate development, finance and consulting experience.

Additional information on the firm and Cronyn is available in Appendix B.

II. BRUNSWICK CROSSING SPECIAL TAXING DISTRICT

In this section, LF&M briefly establishes the background for our analysis by describing the Brunswick Crossing Special Taxing District, its location and planned development.

A. BRUNSWICK CROSSING SPECIAL TAXING DISTRICT

The Brunswick Special Taxing District (District) is located in the City of Brunswick, Frederick County, Maryland. The City is sited in the southwestern corner of Frederick County, on the Potomac River and approximately 12 miles southwest of Frederick City the County seat.

The District is located in the northern portion of the City on a land assemblage owned by Brunswick Crossing LLC with parcels annexed into the City as late as 2002. The District is comprised of approximately 552.7 acres, bounded on the west by Jefferson Pike (MD Route 180), on the north by MD Route 17 (Burkittsville Road) and on the east by Petersville Road (MD Route 79). The District includes two principal components:

- Brunswick Crossing Planned Unit Development – Residential development with a maximum density of 1,505 units including single family detached and attached products as well as 100 senior assisted living units. Substantial community use and open space land are incorporated in the PUD master plan. This component comprises approximately 514.9 acres.

- Commercial Development - General commercial/retail and office space uses totaling approximately 389,000 sq.ft. This component comprises approximately 37.8 acres in the northwestern corner of the District, fronting on Jefferson Pike and Burkittsville Road.

The District is easily accessible from the north via U.S. Route 340 and Jefferson Pike, leading from Frederick City. The District and the City of Brunswick are strategically located on/near two major bridge crossings over the Potomac River into the states of Virginia and West Virginia. The District connects easily into the remainder of the City to the south currently via Petersville Road and in the future through extensions of the PUD's internal road network.

B. DISTRICT PROPERTY ASSESSMENTS

The District land has been in residential and agricultural use until recently. Few of the existing structures contribute substantial value to the property and most will be razed to permit high quality new development.

The District is an assemblage of four properties. Their assessment data as of July 1, 2006 is stated as follows:

	Tax Account	Acres	TY 2007
Hope Property	25/489047	248.74	$477,760
Enfield, L.&S. Property	25/489055	204.95	$422,100
Enfield, R.&D. Property	25/489063	1.15	$238,310
Long Property	25/480511	97.82	$49,730
Total Assessed Value		552.66	$1,187,900

According to Maryland Department of Assessments and Taxation records, the four properties were transferred to Brunswick Crossing LLC in 2003 and 20044 in arm's-length transactions totaling $13,166,600.

C. PROPOSED DEVELOPMENT

The Brunswick Crossing Planned Unit Development has underlying zoning classifications of R1 (Low Density Residential), R2 (Medium Density Residential), RS (Residential Suburban) and OS (Open Space). According to the developer's Phase III Plan (11/17/05) reviewed by LF&M, the PUD is planned to include 1,505 residential units in the following mix:

Brunswick Crossing – Residential Summary			
	Lot Width	**Units**	**Percent**
Single Family Detached	70'	422	28.1%
Single Family Detached TND	50'	184	12.2%
Single Family Detached TND	45'	440	29.2%
Villa Homes TND	36'	156	10.4%
Villa Homes	36'	60	4.0%
Townhomes TND	24'	143	9.5%
Senior Assisted Living		100	6.6%
Total		1,505	100.0%

* "TND" is Traditional Neighborhood Design

The recording of the residential units by final recorded subdivision plats is subject to phasing at the pace of 150 units per year in the five years from 2004-2008 and 151 units per year in the 2009-2013 period. The 100 Senior Assisted Living units can be delivered at any time. Units not recorded in a given year may be recorded in any subsequent year, above and beyond the number of units allocated to that year. Assuming completion of infrastructure investment to be funded through the Special Taxing District, public authorities have determined that the PUD meets Adequate Public

Facilities Ordinance (APFO) requirements over the ten year development period. As of the date of this report, 450 lots are already eligible to be recorded.

Supporting high quality residential development, the PUD will also include substantial community use and green space areas. There is to be a community facility holding community offices and recreation space located on Land Bay #3 (18.8 acres), as well as a recreation area located on Land Bay #6 (5.8 acres). There will be approximately 139 acres of open space in the Stream Valley Conservation Area, which will include numerous paths within the subject, connecting ultimately to the rest of the City. Also, within the other residential land bays an additional approximately 51 acres of green space (pocket parks, passive recreation areas, play areas, etc.) are identified in the subject's Phase III plan.

The Phase III Plan also delineates a 37.8 acre site at the northwest corner of the Special Taxing District for commercial development, which is an integral part of the overall mixed use development. This portion of the District is not included within the Brunswick Crossing PUD, though it has also been annexed into the City of Brunswick. The commercial site is zoned GC (General Commercial and OR (Office/Research). It is anticipated that approximately 389,000 sq.ft. of commercial space can be developed, which is planned to include a supermarket-anchored shopping center in the near-term future and perhaps office space over time. This site is well-located for commercial development since it has approximately 1,800 ft. of frontage along Burkittsville Road.

D. SUMMARY

Lipman Frizzell & Mitchell evaluates the Brunswick Special Taxing District site and its location positively for the following reasons:

- Location - The subject development is well located in the City of Brunswick, with excellent highway and MARC commuter rail access. It is proximate to the Potomac River and is well positioned to participate in the dynamic growth now taking place in the Washington Combined Statistical Area and Frederick County particularly.

- Scale & Quality - The subject will be of sufficient scale and will offer a broad spectrum of for-sale residential product, enabling it to create its own market. The land planning is of high quality and includes many amenities, enhancing the marketability of the community. The mixed use nature of the community, including modern commercial uses in particular, will make it a desirable place to live.

- Special Taxing District - The Special Taxing District method of funding infrastructure improvements has been well accepted in Frederick County and the special taxes levied on the residential properties are not anticipated to be a hindrance to sales.

III. MARKET ENVIRONMENT

In this section, Lipman Frizzell & Mitchell's task is to describe the market environment for the planned Brunswick Crossing Special Taxing District, particularly from an economic and demographic perspective.

A. GEOGRAPHIC MARKET AREA DEFINITION

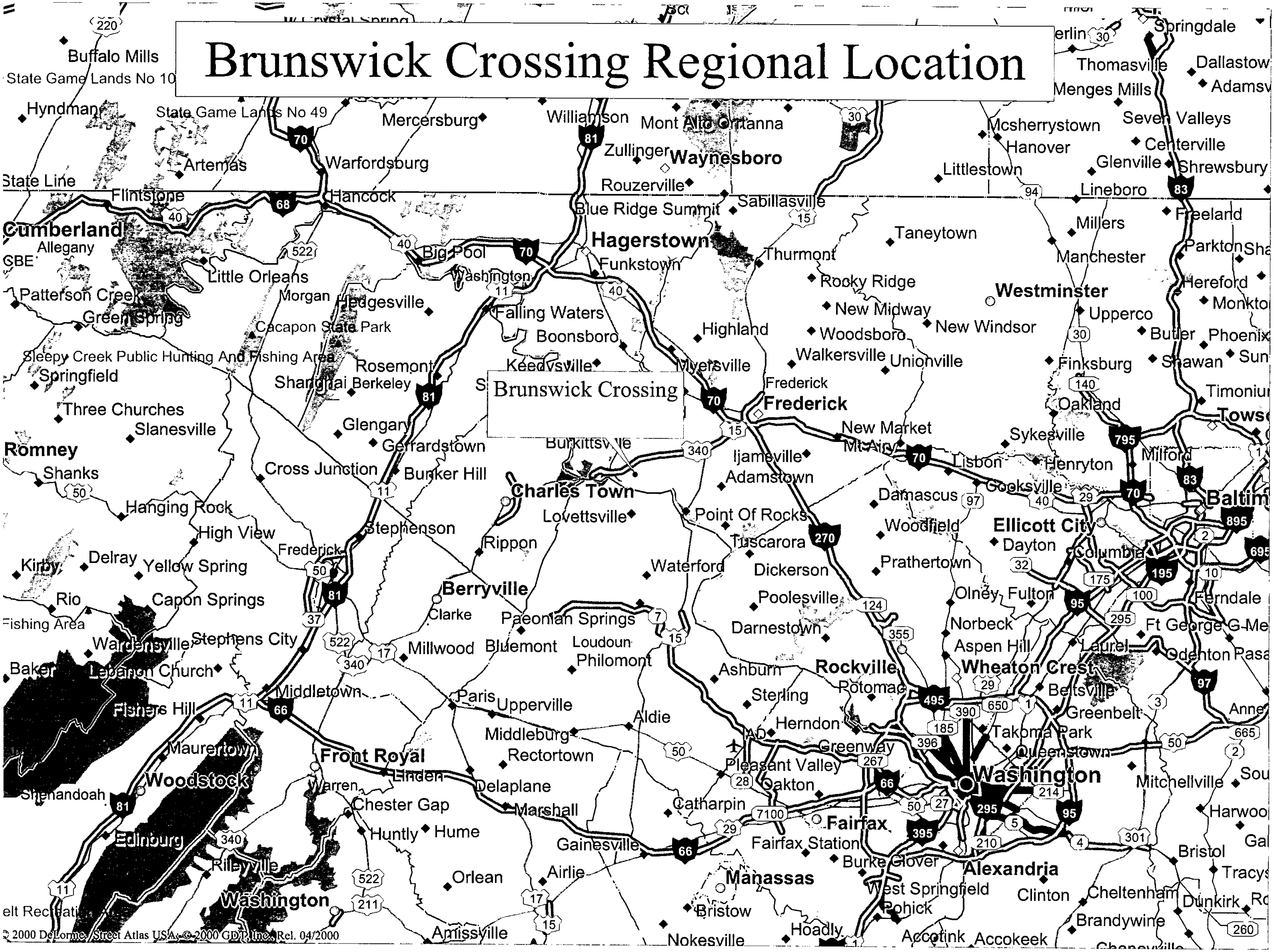
LF&M evaluates the Brunswick Crossing market environment by examining trends in Frederick County in comparison to those in the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV Combined Statistical Area (Washington CSA) and the United States. We focus principally on broad regional and Frederick County trends since they are driving demand for the subject development, though also take note of City of Brunswick trends later in this section.

Combined Statistical Areas are composed of adjacent Metropolitan and Micropolitan Statistical Areas which have demonstrated economic or social linkages. These areas are created when there is 25% or more "employment interchange" (commuting) among jurisdictions. At the present time, the federal Office of Management and Budget (OMB) has defined 120 CSAs in the U.S., one of which is the Washington CSA.

The influence of Washington D.C. has impacted housing, employment and the economies of local jurisdictions as far away as Baltimore City and into Northern Virginia and West Virginia. The Washington CSA includes 33 civil jurisdictions and combines the Washington D.C. Metropolitan Statistical Area (MSA) with the adjoining Baltimore MSA. Our definition of the Washington CSA is consistent with the U.S. Bureau of the Census as well as Woods & Poole Economics demographic and economic source materials. The independent reporting jurisdictions included in this region include:

District of Columbia	
Maryland Counties:	Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, St. Mary's
Maryland Cities:	Baltimore
Virginia Counties:	Arlington, Clarke, Fauquier, Loudoun, Stafford, Warren, Fairfax, Frederick, Prince William, Spotsylvania
Virginia Cities:	Alexandria, Fairfax, Falls Church, Winchester, Manassas, Manassas Park, Fredericksburg
West Virginia Counties:	Hampshire, Jefferson

Brunswick Crossing Regional Location



In our narrative LF&M uses data from a variety of sources which we deem reliable including the U.S. Bureau of the Census, various federal and State of Maryland agencies, ESRI Business Information Solutions, Woods & Poole Economics and others. In general, although the sources we have used may differ somewhat amongst themselves regarding details, the trends identified are remarkably consistent.

B. DEMOGRAPHIC CHARACTERISTICS

LF&M here describes demographic trends in the Washington CSA and in Frederick County: population and household growth, household incomes, housing and education.

Population and Households

Washington CSA

The Washington CSA experienced strong population and household growth in the 1990-2000 period and remains the fourth largest combined statistical area in the United States. Table III-1 compares the growth rate in this region to that of the nation:

- In the decade of the 1990's the Washington CSA grew by 880,910 persons (13.2%). This was consistent with the overall growth rate of 13.1% for the United States during this decade.

- Total households in this region increased by 15.4% from 2,476,600 to 2,857,460 during the same decade, as contrasted with a slightly lower U.S. household growth rate of 14.7%.

- In the 2000-2010 period, the population in the Washington CSA is projected to grow by over one million persons, or an increase in population of 14.0%, slightly exceeding the growth rate of the past decade. The nation as a whole has a forecasted 10.5% growth rate during this same time period.

- Households in this region are expected to increase by 505,060 (17.7%) during the 2000-2010 period, exceeding the 15.4% growth pace of the previous decade. This is contrasted with a projected national household growth rate of 13.5%.

As demonstrated, the Washington CSA is expected to remain one of the most vibrant growth areas for the United States into the foreseeable future.

Frederick County

By Census estimates, Frederick County was the among the fastest growing counties in the State of Maryland during the 2000-2004 period:

Table III-1
BRUNSWICK CROSSING MARKET ANALYSIS
Population and Households
Frederick County, Washington CSA, United States
1990, 2000, 2005, 2010

Population:

	1990	2000	Change (90-00) Persons	Change (90-00) Percent	2005	Change (00-05) Persons	Change (00-05) Percent	2010	Change (05-10) Persons	Change (05-10) Percent
Frederick County, MD	151,350	196,600	45,250	29.9%	223,290	26,690	13.6%	246,500	23,210	10.4%
Washington CSA	6,690,450	7,571,360	880,910	13.2%	8,130,110	558,750	7.4%	8,634,490	504,380	6.2%
United States	249,622,810	282,224,370	32,601,560	13.1%	297,153,340	14,928,970	5.3%	311,810,910	14,657,570	4.9%

Households:

	1990	2000	Change (90-00) Households	Change (90-00) Percent	2005	Change (00-05) Households	Change (00-05) Percent	2010	Change (05-10) Households	Change (05-10) Percent
Frederick County, MD	52,790	70,560	17,770	33.7%	82,130	11,570	16.4%	92,500	10,370	12.6%
Average Household Size	2.79	2.72	-0.07	-2.5%	2.66	-0.06	-2.2%	2.61	-0.05	-1.9%
Washington CSA	2,476,600	2,857,460	380,860	15.4%	3,120,620	263,160	9.2%	3,362,520	241,900	7.8%
Average Household Size	2.63	2.59	-0.04	-1.5%	2.55	-0.04	-1.5%	2.52	-0.03	-1.2%
United States	92,315,440	105,854,800	13,539,360	14.7%	113,086,130	7,231,330	6.8%	120,093,770	7,007,640	6.2%
Average Household Size	2.63	2.59	-0.04	-1.5%	2.56	-0.03	-1.2%	2.53	-0.03	-1.2%

Source: Woods & Poole Economics, Inc. 2005 State Profile, US Bureau of the Census, 2000 Census Population and Housing

- Fourth fastest in number of persons, adding 21,074 persons and trailing only Montgomery (43,991), Prince George's (39,386) and Baltimore (24,826) counties.

- Third fastest in rate of population growth, increasing by 10.7% and trailing only Calvert (15.0%) and Charles (12.0%) counties.

In the 2000-2010 period, Frederick County is projected to grow by 49,900 persons--a slightly slower growth rate (25.4%) than in the preceding decade, although still quite strong. The County's growth represents 4.7% of the total expected population increase in the Washington CSA.

Frederick County households increased 33.7% during the 1990's--from 52,790 in 1990 to 70,560 in 2000. Frederick County's household growth rate was more than double the region's.

It is expected that the number of households in Frederick County will continue to grow by an additional 21,940 in the 2000–2010 period. This represents a projected increase of 31.1%. This pace far exceeds the anticipated growth rate of 17.7% within the same period in the Washington CSA.

Household Incomes

As outlined in Table III-2, the median income in the Washington CSA in 2005 is estimated at $66,511. Frederick County's median income is relatively on par with the region's at $66,164. Since 2000, there has been an increase in median income in both areas: 15.1% in the region and 9.8% in Frederick County. It is estimated that the median income will increase by 20.7% within the region in the 2005–2010 period, while Frederick County's median income is expected to increase by 16.3%. Both areas have exhibited (and are expected to continue to exhibit) strong household income growth rates.

Not surprisingly, the distribution of household incomes in the Washington CSA is somewhat different from that of Frederick County. The region has a higher proportion of both lower income (under $10,000 per year) and higher income (over $100,000 per year) households. In 2005, nearly one in four households (23.5%) in the Washington CSA have incomes in excess of $100,000. In Frederick, this proportion drops to roughly one in five (19.6%). Similarly, there is a smaller percentage of very low income households in Frederick County, 3.8% versus 5.8% regionally. This situation accounts for the more striking difference in average income in the two areas. Frederick County's average income of $95,620 is roughly 14.7% less than the CSA's $112,145.

Housing Characteristics

Relatively affordable housing costs have long been one of the attractions of Frederick County. As a result, the proportion of households owning their own home in Frederick

Table III-2
BRUNSWICK CROSSING MARKET ANALYSIS
Household Incomes
Frederick County, Washington CSA and United States
2000, 2005, 2010

2000	*Households:*			*Percent by Income:*		
	Frederick Co	**Washington CSA**	**United States**	**Frederick Co**	**Washington CSA**	**United States**
Under $10,000	2,770	183,270	10,091,800	3.9%	6.4%	9.5%
$10,000 - $19,999	5,010	211,620	13,293,430	7.1%	7.4%	12.6%
$20,000 - $29,999	5,830	260,610	13,775,830	8.3%	9.1%	13.0%
$30,000 - $44,999	11,190	432,940	18,976,650	15.9%	15.2%	17.9%
$45,000 - $59,999	10,250	389,110	14,827,460	14.5%	13.6%	14.0%
$60,000 - $74,999	10,200	345,940	11,039,030	14.5%	12.1%	10.4%
$75,000 - $99,999	11,920	407,880	10,835,320	16.9%	14.3%	10.2%
$100,000 - $199,999	11,820	513,510	10,504,980	16.8%	18.0%	9.9%
$200,000 or more	1,570	112,580	2,510,300	2.2%	3.9%	2.4%
Total Households	70,560	2,857,460	105,854,800	100.0%	100.0%	100.0%
Median Income	$60,256	$57,798				
Average Income	$87,835	$98,534	$77,588			

2005	*Households:*			*Percent by Income:*		
	Frederick Co	**Washington CSA**	**United States**	**Frederick Co**	**Washington CSA**	**United States**
Under $10,000	3,120	182,290	10,032,720	3.8%	5.8%	8.9%
$10,000 - $19,999	5,650	213,660	13,264,000	6.9%	6.8%	11.7%
$20,000 - $29,999	6,570	265,440	13,830,410	8.0%	8.5%	12.2%
$30,000 - $44,999	12,620	450,690	19,823,700	15.4%	14.4%	17.5%
$45,000 - $59,999	11,550	414,380	16,483,800	14.1%	13.3%	14.6%
$60,000 - $74,999	12,180	386,590	12,495,080	14.8%	12.4%	11.0%
$75,000 - $99,999	14,330	473,970	12,342,400	17.5%	15.2%	10.9%
$100,000 - $199,999	14,220	602,870	11,967,120	17.3%	19.3%	10.6%
$200,000 or more	1,880	130,720	2,846,890	2.3%	4.2%	2.5%
Total Households	82,120	3,120,610	113,086,120	100.0%	100.0%	100.0%
Median Income	$66,164	$66,511				
Average Income	$95,620	$112,145	$87,800	51.9%	51.1%	
54282						
82.0%						

2010	*Households:*			*Percent by Income:*		
	Frederick Co	**Washington CSA**	**United States**	**Frederick Co**	**Washington CSA**	**United States**
Under $10,000	3,350	179,020	9,844,350	3.6%	5.3%	8.2%
$10,000 - $19,999	6,050	212,500	13,047,300	6.5%	6.3%	10.9%
$20,000 - $29,999	7,030	265,790	13,651,040	7.6%	7.9%	11.4%
$30,000 - $44,999	13,510	458,870	20,198,900	14.6%	13.6%	16.8%
$45,000 - $59,999	12,370	430,910	18,103,310	13.4%	12.8%	15.1%
$60,000 - $74,999	14,120	422,260	14,134,000	15.3%	12.6%	11.8%
$75,000 - $99,999	16,990	540,540	14,136,230	18.4%	16.1%	11.8%
$100,000 - $199,999	16,850	701,670	16,978,650	18.2%	20.9%	14.1%
$200,000 or more	2,230	150,960	2,230	2.4%	4.5%	0.0%
Total Households	92,500	3,362,520	120,096,010	100.0%	100.0%	100.0%
Median Income	$76,943	$80,310				
Average Income	$108,419	$129,995	$102,245			

Source: Woods & Poole Economics, Inc., 2005 State Profile; compiled by Lipman Frizzell & Mitchell LLC.

County is higher than in the Washington CSA, with homeownership rates of 75.6% in the County versus 64.0% in the region in 2005.

Table III-3 summarizes ESRI estimates of 2005 values of owner-occupied housing units in the Washington CSA and Frederick County, calculated based on 2000 Census base values and adjusted for price appreciation in the markets over the intervening five years. A median home value of $295,598 is estimated for the Washington CSA and $318,445 for Frederick County. Both have basically doubled in the period. Realistically, the time at which Frederick County homes represented a "bargain" compared to the rest of the CSA has passed. Nonetheless, home prices remain within typical CSA ranges and represent a value to many homebuyers when quality of life issues are factored in.

The median contract rent reported for the CSA in 2000 was $684 per month, while the Frederick County median contract rent was only 7.5% lower at $633 per month. However, upon examining the rent distribution, we note that 15.1% of all renters paid more than $1,000 per month in contract rent in the Washington CSA. In contrast, only 0.9% of all renters in Frederick County paid more than $1,000 per month. Though hard statistics are not available, it is LF&M's judgment that County rents for market rate apartments have trended closer to the regional norm in recent years.

Educational Characteristics

The Washington CSA has consistently maintained a higher percentage of college-educated persons than the United States, in general. This is not surprising given the economic dynamics of the region as well as the large number of prominent colleges and universities within the region, including: George Washington University, Georgetown University, American University and Catholic University, all of which are located in Washington, D.C.; University of Maryland College Park, University of Maryland Baltimore County, Towson University, Goucher College, Johns Hopkins University, St. Johns College and the U.S. Naval Academy, located in Maryland; and George Mason University in northern Virginia. Most recently, 37.4% of the population in the Washington CSA had completed college, in contrast to 24.4% of the population throughout the nation.

The level of educational attainment in Frederick County has changed considerably since 1970, as outlined in Table III-4. In the 1970 U.S. Census, 57.4% of the population in Frederick County over the age of 25 had not completed high school. By 2000, this percentage had dropped to 12.9%. Over the same period of time, the percentage of persons completing four years of college rose from 10.0% to 30.0%. Frederick County has its own well-recognized institutions of higher learning, including Frederick Community College, Hood College and Mount Saint Mary's University.

Table III-3
BRUNSWICK CROSSING MARKET ANALYSIS
Housing Characteristics: Owner- and Renter-Occupied Units
Washington CSA and Frederick County
2005 and 2000

Owner-Occupied Units
2005

	Washington CSA		Frederick County	
	Units	**Percent**	**Units**	**Percent**
Value				
< $50,000	31,115	1.5%	418	0.7%
$50,000-$99,999	53,672	2.6%	255	0.4%
$100,000-$149,999	139,561	6.7%	1,395	2.2%
$150,000-$199,999	253,479	12.1%	6,500	10.4%
$200,000-$299,999	592,729	28.4%	20,032	31.9%
$300,000-$499,999	628,003	30.1%	24,198	38.6%
$500,000-$999,999	313,217	15.0%	8,826	14.1%
$1,000,000+	76,567	3.7%	1,105	1.8%
Owner-Occupied Units	2,088,343	100.0%	62,729	100.0%
Median Value	**$295,598**		**$318,445**	

Renter-Occupied Units
2000

	Washington CSA		Frederick County	
	Units	**% of Total**	**Units**	**% of Total**
Contract Rent*				
< $200	60,154	6.1%	800	4.9%
$200-$499	190,398	19.3%	3,369	20.7%
$500-$749	311,967	31.6%	6,628	40.8%
$750-$999	240,654	24.4%	3,668	22.6%
$1,000-$1,499	112,883	11.4%	753	4.6%
$1,500-$1,999	24,370	2.5%	106	0.7%
$2,000+	11,866	1.2%	36	0.2%
No Cash Rent	34,560	3.5%	878	5.4%
Renter-Occupied Units	986,852	100.0%	16,238	100.0%
Median Contract Rent	**$684**		**$633**	

* Contract Rent is monthly rent paid, not including utilities.
Source: U.S. Census, 2000; ESRI estimate, 2005; compiled by Lipman Frizzell & Mitchell LLC.

Table III-4
BRUNSWICK CROSSING MARKET ANALYSIS
Educational Attainment Over the Age of 25
United States, Washington CSA and Frederick County
1970-2000

1970	**United States**	**Washington CSA**	**Frederick County**
Did Not Complete High School	47.7%	42.7%	57.4%
High School Diploma	41.7%	40.1%	32.6%
Completing 4 years of College or More	10.7%	17.1%	10.0%

1980	**United States**	**Washington CSA**	**Frederick County**
Did Not Complete High School	33.5%	28.4%	36.6%
High School Diploma	50.2%	46.3%	46.5%
Completing 4 years of College or More	16.2%	25.3%	16.9%

1990	**United States**	**Washington CSA**	**Frederick County**
Did Not Complete High School	24.8%	19.2%	19.6%
High School Diploma	54.9%	48.9%	58.4%
Completing 4 years of College or More	20.3%	31.9%	22.0%

2000	**United States**	**Washington CSA**	**Frederick County**
Did Not Complete High School	19.6%	14.9%	12.9%
High School Diploma	56.0%	47.6%	57.1%
Completing 4 years of College or More	24.4%	37.4%	30.0%

Source: Woods & Poole, 2005; compiled by Lipman Frizzell & Mitchell LLC.

C. ECONOMIC CHARACTERISTICS

As the fourth-largest metropolitan area in the United States, the economy of the Washington CSA is strong and growing stronger. Over the past year, the region has enjoyed a gradual recovery in technology which has been bolstered by increased government spending on homeland security, defense and bio-technology. According to the George Mason University Center for Regional Analysis, the region led the recovery in the U.S. economy with the creation of more jobs than in any other area in the nation, giving the Washington CSA its comparatively low unemployment rate. This is supported by the most recent U.S Bureau of Economic Analysis (BEA) statistics which indicate that, between 1997–2002, jobs in this region grew by 11.2%, in contrast to the 7.3% national gain.

Generally, the Washington portion of the Washington CSA has demonstrated a stronger economic performance than the Baltimore portion with regard to job and income growth. Delta Associates reported that the Washington MSA generated 84,600 new payroll jobs in the 12 months ending in July 2005. This was about two-third (69.1%) over the historical long-term average of 50,000 new jobs each year. They project that this above-average growth will continue in 2006 with an estimated 75,000 new jobs expected to be created in the Washington portion of the Washington CSA.

Washington CSA

Woods & Poole estimates the Washington CSA's employment base at 5,084,500 jobs in 2000--an increase of 2,418,690 net new jobs since 1970, nearly doubling the employment base of the region (Table III-5). The increase is notable in the following trends:

- Growing Sectors - Most sectors of employment grew steadily during this period, with the most dramatic increase exhibited in the service area. In 1970, employment in the Services sector represented one out of five jobs in the region (21.2%). By 2000, nearly two out of five jobs (39.5%) could be classified in this area. Positive increases in employment opportunities took place in most other sectors of the economy, with the exception of farm employment and manufacturing. This increase in Services sector employment and decrease in manufacturing and farming employment follows well-established national trends. Positively, the regional economy is diversified and is steadily growing less dependent upon direct government employment, as discussed below.

- Decline in the Government Sector - In 1970, nearly one out of three jobs (31.9%) in the region were in government. By 2000, the proportion of these jobs had decreased to 19.0%, although the actual number of jobs increased by 113,260.

Unemployment rates (Table III-7) demonstrate that the Washington CSA economy is consistently one of the strongest in the nation. Since 1990, the region's unemployment rate has been lower than the overall unemployment rate for the country, even during recession in the early 1990's and the short-lived 2001 recession.

Table III-5
BRUNSWICK CROSSING MARKET ANALYSIS
Washington CSA Employment
Projections by Sector & Composition
1970 - 2030

	1970	1980	1990	2000	2010	2020	2030
Total Employment	**2,665,810**	**3,289,240**	**4,454,340**	**5,084,500**	**5,786,740**	**6,586,600**	**7,474,890**
Change in Total Employment		623,430	1,165,100	630,160	702,240	799,860	888,290
Farm Employment	28,100	27,610	20,560	18,280	17,060	15,880	14,860
Agricultural Services, Other	10,790	19,200	39,520	56,070	66,440	76,770	88,240
Mining	2,910	3,210	5,470	3,930	3,710	4,020	4,340
Construction	144,910	174,140	277,670	294,670	338,460	379,690	422,620
Manufacturing	265,520	248,740	247,590	216,110	215,880	219,550	223,730
Transportation, Communication, Public Utilities	138,950	148,520	191,260	235,310	272,390	309,950	351,740
Wholesale Trade	91,170	123,500	160,830	170,040	189,740	214,130	241,010
Retail Trade	382,840	486,790	664,750	729,500	798,430	886,040	980,720
Finance, Insurance, Real Estate	186,390	257,790	361,700	386,650	435,070	484,420	538,070
Services	563,980	861,210	1,479,990	2,010,410	2,427,060	2,918,990	3,477,370
Federal Civilian Government	408,150	463,630	469,830	422,270	427,670	435,140	440,860
Federal Military Government	173,630	118,160	133,900	109,580	113,000	115,870	116,850
State and Local Government	268,470	356,740	401,270	431,660	481,840	526,140	574,480
Composition							
Farm Employment	1.1%	0.8%	0.5%	0.4%	0.3%	0.2%	0.2%
Agricultural Services, Other	0.4%	0.6%	0.9%	1.1%	1.1%	1.2%	1.2%
Mining	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Construction	5.4%	5.3%	6.2%	5.8%	5.8%	5.8%	5.7%
Manufacturing	10.0%	7.6%	5.6%	4.3%	3.7%	3.3%	3.0%
Transportation, Communication, Public Utilities	5.2%	4.5%	4.3%	4.6%	4.7%	4.7%	4.7%
Wholesale Trade	3.4%	3.8%	3.6%	3.3%	3.3%	3.3%	3.2%
Retail Trade	14.4%	14.8%	14.9%	14.3%	13.8%	13.5%	13.1%
Finance, Insurance, Real Estate	7.0%	7.8%	8.1%	7.6%	7.5%	7.4%	7.2%
Services	21.2%	26.2%	33.2%	39.5%	41.9%	44.3%	46.5%
Federal Civilian Government	15.3%	14.1%	10.5%	8.3%	7.4%	6.6%	5.9%
Federal Military Government	6.5%	3.6%	3.0%	2.2%	2.0%	1.8%	1.6%
State and Local Government	10.1%	10.8%	9.0%	8.5%	8.3%	8.0%	7.7%

Source: Woods & Poole Economics, Inc., 2005; compiled by Lipman Frizzell & Mitchell LLC.

Table III-6
BRUNSWICK CROSSING MARKET ANALYSIS
Frederick County Employment
Projections by Sector & Composition
1970 - 2030

	1970	1980	1990	2000	2010	2020	2030	
Total Employment	**33,430**	**44,180**	**72,620**	**105,100**	**125,490**	**148,920**	**176,730**	
Change in Total Employment		10,750	28,440	32,480	20,390	23,430	27,810	71,670
Farm Employment	2,660	3,060	2,340	1,980	1,870	1,740	1,630	
Agricultural Services, Other	290	560	1,080	1,800	2,220	2,540	2,910	
Mining	10	10	30	30	30	30	30	
Construction	2,640	3,970	8,810	10,780	12,030	13,340	14,700	
Manufacturing	6,040	6,070	5,880	8,140	9,700	10,520	10,980	
Transportation, Communication, Public Utilities	1,770	1,860	2,080	2,840	3,170	3,300	3,360	
Wholesale Trade	930	1,670	2,630	4,160	5,720	7,640	10,010	
Retail Trade	5,320	7,850	13,140	19,660	22,810	26,490	30,810	
Finance, Insurance, Real Estate	1,860	2,680	6,310	9,510	12,000	15,880	20,900	
Services	6,130	8,690	19,600	32,120	39,750	49,400	61,370	
Federal Civilian Government	1,440	1,470	2,440	3,030	3,290	3,420	3,430	
Federal Military Government	1,110	1,390	1,760	2,070	2,170	2,220	2,240	
State and Local Government	3,230	4,900	6,520	8,980	10,730	12,400	14,360	
Composition								
Farm Employment	8.0%	6.9%	3.2%	1.9%	1.5%	1.2%	0.9%	
Agricultural Services, Other	0.9%	1.3%	1.5%	1.7%	1.8%	1.7%	1.6%	
Mining	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Construction	7.9%	9.0%	12.1%	10.3%	9.6%	9.0%	8.3%	
Manufacturing	18.1%	13.7%	8.1%	7.7%	7.7%	7.1%	6.2%	
Transportation, Communication, Public Utilities	5.3%	4.2%	2.9%	2.7%	2.5%	2.2%	1.9%	
Wholesale Trade	2.8%	3.8%	3.6%	4.0%	4.6%	5.1%	5.7%	
Retail Trade	15.9%	17.8%	18.1%	18.7%	18.2%	17.8%	17.4%	
Finance, Insurance, Real Estate	5.6%	6.1%	8.7%	9.0%	9.6%	10.7%	11.8%	
Services	18.3%	19.7%	27.0%	30.6%	31.7%	33.2%	34.7%	
Federal Civilian Government	4.3%	3.3%	3.4%	2.9%	2.6%	2.3%	1.9%	
Federal Military Government	3.3%	3.1%	2.4%	2.0%	1.7%	1.5%	1.3%	
State and Local Government	9.7%	11.1%	9.0%	8.5%	8.6%	8.3%	8.1%	

Source: Woods & Poole Economics, Inc., 2005; compiled by Lipman Frizzell & Mitchell LLC.

Table III-7
BRUNSWICK CROSSING MARKET ANALYSIS
National and Regional Employment Trends
Unemployment Rates
1990-2005

	1990	1995	2000	2001	2002	2003	2004	2005
United States	6.3%	5.6%	3.9%	5.7%	6.0%	5.7%	5.4%	4.9%
Washington CSA	3.8%	4.6%	3.0%	3.5%	4.0%	4.0%	3.8%	2.9%
Frederick County	2.8%	4.1%	2.7%	2.7%	2.9%	3.1%	2.7%	2.5%

Source: U.S. Census; Maryland Department of Labor & Licensing; U.S. Department of Labor, Bureau of Labor Statistics

Frederick County

At 663 square miles, Frederick County is the largest county in Maryland by area and boasts a diversified employment base. This situation has helped the County to weather the economic cycles of the past two decades. Woods & Poole data (Table III-6) reveal that during the 1970-2000 period, employment in Frederick County more than doubled—with the addition of 71,670 jobs. This rate of growth is far above either the Washington or Baltimore regional rates and is exceeded only by job growth in Howard County among jurisdictions in the State of Maryland.

Importantly, this pace of job growth is expected to continue into the future. An estimated 71,620 new jobs are expected to be added in the 2000–2030 period. The Metropolitan Washington Council of Governments projects that future job growth within Frederick County will increase at a higher rate relative to all other Maryland counties in the Washington Metropolitan region. This is due to its positioning along I-270, which is emerging as the region's technology corridor, extending north from Montgomery County into Frederick County. Federal agencies located along this route include the National Bureau of Standards and Technology, the Food and Drug Administration and the National Institutes of Health.

Several historical trends are noteworthy:

- Decline in Farm Employment - Historically, Frederick County maintained an agriculturally based economy but with the momentum of development growth from the south, this situation is changing. The County's farm employment has decreased from 8.0% in 1970 to only 1.9% in 2000. By 2030, it is expected that its role in the economy will continue to decline, with an additional loss in jobs.

- Growing Sectors - Over one in three new jobs (36.3%) added during this period was in the Services sector, in areas such as health care as well as private industries. Retail Trade accounted for two out of ten new jobs (20.0%) while the Finance, Insurance and Real Estate sector and government each added over one in ten (10.7% and 11.6%, respectively). Bucking regional and national trends, Manufacturing grew slightly during this time period, adding a nominal 2,100 new jobs.

As one measure of the health and diversification of the Frederick County economy, LF&M notes that the state and local government sector—while adding an estimated 5,750 net jobs over 30 years—has nonetheless declined (from 9.7% to 8.5%) as a share of the County's economy.

Frederick County's overall stability is due to the fact that it is home to several large employers, including:

Fort Detrick	7,800 employees
Frederick County Board of Education	4,800 employees
Frederick County Government	2,526 employees
Frederick Memorial Healthcare System	2,300 employees
SAIC	2,000 employees
Wells Fargo Home Mortgage	1,700 employees
Mid-Atlantic Medical Services	1,600 employees
Bechtel Corporation	1,487 employees
Frederick Community College	1,159 employees
State Farm Insurance	1,000 employees
CitiMortgage	917 employees
Frederick City Government	851 employees

Most of these businesses employ primarily white collar, typically well-educated and high wage professionals. Of particular note is the fact that new industries are being developed in response to the growth in biotechnology and other high security related sectors. Several prominent organizations comprising the bioscience community include: U.S. Army Medical Research Institute of Infectious Diseases (USAMRID), the National Cancer Institute, MedImmune, Cambrex, Cell Trends, Inc., Capricorn Pharma, Inc., among others. A new biotech firm, Bio-port, has recently signed a long-term lease for a new office building and will shortly be bringing 175 new jobs to Frederick County.

Frederick County has recently established several community resources to foster the growth of jobs within the County. Among these is the Frederick Innovative Technology Center, a 10,000 sq.ft. "incubator" formed through a public-private partnership with support from the Office of Economic Development, Hood College, the State of Maryland, Frederick County and the City of Frederick. Its purpose is to help facilitate technology transfer between Fort Detrick and the County's emerging technology companies. Likewise, the Fort Detrick Alliance was established to advocate for Fort Detrick and to expand opportunities for Frederick County companies to do business with Fort Detrick, the County's largest employer. It is reported that Fort Detrick plans to spend $373 million dollars in construction projects in the next three years, including a new research laboratory for the National Institute of Allergies and Infectious Diseases. Employment at Fort Detrick could expand by as many as 1,300 jobs according to the press.

Frederick County's unemployment rate has remained consistently lower than the national and regional rates. In 2005, the unemployment rate was 2.5%, below the Washington CSA unemployment rate of 2.9% and well below the national 4.9% rate. It is important to emphasize the fact that the vast majority of workers in Frederick County, over 85%, are employed in the private sector and are not dependent upon federal, state or local government employment.

Retail Spending

Retail spending is another barometer of the health of the Washington CSA and Frederick County economies. Table III-8 outlines historical and projected consumer spending trends over the 1970 - 2030 period, as estimated by Woods & Poole using the Census of Retail Trade as its source. (Note that all data is stated in constant 1996 dollars, so as to measure real growth in purchasing power, eliminating inflation as a factor.)

During the 1970-2000 period, consumer spending in the U.S. expanded by 119.8%, primarily as a function of growth in the number of households and their rising disposable incomes. Over the same period, the Washington CSA's retail sales increased in tandem by 117.9%, with spending in the areas of building materials and furniture and home furnishings far in excess of national norms. Over the next three decades, the region's growth in sales (98.5%) is projected to exceed the national norm (84.4%). Spending in all categories is anticipated to be at a higher pace than in the U.S. in general.

Frederick County's retailing is a particularly bright spot within the Washington CSA picture. Frederick County retailers outperformed the national average during the 1970-2000 period, posting a phenomenal 296.5% gain in sales, reflecting the County's increasing population and household incomes. The County's sales are expected to grow at a faster pace than the national or regional average through 2030. Inflation-adjusted receipts are projected to increase by 136.6%—a pace one-third faster than the region's 98.5%.

As the Woods & Poole retail sales forecasts would indicate, both Frederick County and the region are likely to remain strong as people flow to the area and high wage jobs proliferate. The retail sector will continue to benefit from the region's positive growth trends.

D. LONG-TERM OUTLOOK

Both the Washington CSA and Frederick County are expected to enjoy continued long-term growth through 2030, according to Woods & Poole population projections (Table III-9).

Population and Household Growth

Forecasts predict that the region will grow by nearly 3.3 million persons between 2000 and 2030. This means that the region will experience an average annual population growth rate of 1.5%--a pace that is significantly higher than the national growth rate of 1.1%. Household growth will be even stronger: 1.6% in the region compared with 1.2% nationally.

Table III-8
BRUNSWICK CROSSING MARKET ANALYSIS
Retail Sales Analysis (1996 constant $)
Projections by Category
1970 - 2030

United States	**1970**	**1980**	**1990**	**2000**	**2010**	**2020**	**2030**	***Growth Trends*** **70-00**	**00-30**
Total Sales (Million $)	**$1,339,810**	**$1,733,910**	**$2,089,720**	**$2,945,340**	**$3,636,800**	**$4,436,790**	**$5,430,770**	**119.83%**	**84.39%**
Building Materials, Hardware	$64,570	$92,000	$108,250	$167,710	$201,910	$250,430	$305,320	159.73%	82.05%
General Merchandise	$175,320	$193,020	$250,800	$373,570	$507,510	$612,090	$735,560	113.08%	96.90%
Food Stores	$321,370	$398,880	$420,830	$443,510	$521,320	$601,380	$705,330	38.01%	59.03%
Automobile Dealers	$232,990	$298,280	$440,130	$729,420	$898,180	$1,118,830	$1,356,230	213.07%	85.93%
Gasoline Service Stations	$103,220	$170,420	$158,500	$202,580	$209,600	$239,120	$285,060	96.26%	40.71%
Apparel and Accessories	$78,900	$91,360	$109,300	$129,820	$152,520	$181,710	$220,980	64.54%	70.22%
Furniture, Home Furnishings	$60,860	$80,130	$102,720	$155,670	$187,860	$231,400	$279,440	155.78%	79.51%
Eating and Drinking Places	$108,830	$163,120	$216,300	$282,500	$374,940	$467,640	$587,190	159.58%	107.85%
Drug Stores	$52,020	$56,060	$82,090	$122,150	$171,450	$208,890	$257,200	134.81%	110.56%
Miscellaneous Retail Stores	$141,720	$190,640	$200,810	$338,410	$411,500	$525,310	$698,480	138.79%	106.40%
Washington CSA									
Total Sales (Thousand $)	**$37,339,590**	**$47,130,220**	**$61,377,700**	**$81,345,980**	**$103,933,020**	**$129,614,470**	**$161,442,410**	**117.85%**	**98.46%**
Building Materials, Hardware	$1,072,020	$1,754,830	$2,651,120	$4,072,750	$5,118,520	$6,527,880	$8,134,880	**279.91%**	**99.74%**
General Merchandise	$5,492,080	$5,504,220	$6,571,770	$9,370,760	$13,338,860	$16,560,010	$20,353,680	**70.62%**	**117.20%**
Food Stores	$8,451,890	$10,284,420	$12,114,590	$13,650,410	$16,550,530	$19,493,080	$23,244,420	**61.51%**	**70.28%**
Automobile Dealers	$6,105,250	$7,717,160	$12,904,860	$19,117,380	$24,444,170	$31,212,590	$38,576,870	**213.13%**	**101.79%**
Gasoline Service Stations	$2,752,360	$4,824,810	$4,309,330	$4,713,490	$5,078,650	$5,951,030	$7,248,690	**71.25%**	**53.79%**
Apparel and Accessories	$2,281,000	$2,607,670	$3,913,260	$4,296,020	$5,174,520	$6,271,960	$7,734,540	**88.34%**	**80.04%**
Furniture, Home Furnishings	$1,719,010	$2,341,550	$3,694,910	$5,384,610	$6,693,520	$8,411,450	$10,317,190	**213.24%**	**91.61%**
Eating and Drinking Places	$3,247,400	$4,744,680	$6,960,600	$8,816,720	$11,856,100	$14,914,470	$18,851,160	**171.50%**	**113.81%**
Drug Stores	$1,929,650	$1,695,500	$2,198,930	$3,267,310	$4,728,130	$5,886,190	$7,377,680	**69.32%**	**125.80%**
Miscellaneous Retail Stores	$4,288,950	$5,655,380	$6,058,320	$8,656,530	$10,950,010	$14,385,800	$19,603,300	**101.83%**	**126.46%**
Frederick County									
Total Sales (Thousand $)	**$584,070**	**$879,770**	**$1,342,710**	**$2,257,190**	**$3,139,970**	**$4,126,750**	**$5,339,790**	**286.46%**	**136.57%**
Building Materials, Hardware	$41,750	$61,960	$96,630	$224,300	$305,410	$408,440	$527,140	**437.25%**	**135.02%**
General Merchandise	$64,590	$103,040	$153,410	$300,390	$456,880	$588,910	$743,760	**365.07%**	**147.60%**
Food Stores	$135,380	$197,910	$269,790	$341,980	$454,310	$565,070	$701,640	**152.61%**	**105.17%**
Automobile Dealers	$89,750	$138,910	$291,860	$535,840	$741,940	$993,180	$1,270,390	**497.04%**	**137.08%**
Gasoline Service Stations	$62,170	$120,460	$129,470	$173,400	$202,310	$248,240	$312,680	**178.91%**	**80.32%**
Apparel and Accessories	$31,980	$29,980	$43,280	$60,750	$81,550	$105,730	$137,150	**89.96%**	**125.76%**
Furniture, Home Furnishings	$30,100	$34,180	$65,220	$108,740	$147,620	$195,450	$249,150	**261.26%**	**129.12%**
Eating and Drinking Places	$40,430	$72,000	$129,420	$197,770	$298,560	$403,150	$537,770	**389.17%**	**171.92%**
Drug Stores	$21,810	$26,740	$37,880	$71,630	$117,570	$158,430	$210,920	**228.43%**	**194.46%**
Miscellaneous Retail Stores	$66,090	$94,590	$125,750	$242,390	$333,820	$460,160	$649,180	**266.76%**	**167.82%**

Source: Woods & Poole Economics, Inc., 2005; compiled by Lipman Frizzell & Mitchell LLC.

Table III-9
BRUNSWICK CROSSING MARKET ANALYSIS
National & Regional Long-Term Growth Trends
Population, Households, Employment
1970-2030

	1970	1980	1990	2000	2010	2020	2030	Growth Trend 70-00	80-00	00-20	00-30
Population											
United States	203,982,310	227,225,620	249,622,810	282,224,370	311,810,910	343,458,540	378,547,040	38.36%	24.20%	21.70%	34.13%
Washington CSA	5,355,810	5,744,390	6,690,450	7,571,360	8,634,490	9,704,410	10,870,930	41.37%	31.80%	28.17%	43.58%
Frederick County	85,380	115,760	151,350	196,600	246,500	294,020	343,970	130.26%	69.83%	49.55%	74.96%
Households											
United States	63,983,520	80,824,790	92,315,440	105,854,800	120,093,770	133,122,710	143,994,500	65.44%	30.97%	25.76%	36.03%
Washington CSA	1,651,000	2,043,320	2,476,600	2,857,460	3,362,520	3,821,610	4,225,900	73.07%	39.84%	33.74%	47.89%
Frederick County	25,080	37,720	52,790	70,560	92,500	112,610	131,100	181.34%	87.06%	59.59%	85.80%
Employment											
United States	91,281,590	114,231,190	139,426,900	167,283,780	187,202,490	211,763,440	239,838,210	83.26%	46.44%	26.59%	43.37%
Washington CSA	2,665,810	3,289,240	4,454,340	5,084,500	5,786,740	6,586,600	7,474,890	90.73%	54.58%	29.54%	47.01%
Frederick County	33,440	44,180	72,620	105,090	125,480	148,940	176,710	214.26%	137.87%	41.73%	68.15%

Source: Woods & Poole Economics, Inc., 2005; compiled by Lipman Frizzell & Mitchell LLC.

Frederick County is expected to grow at a rate more than double the national average, with estimates projecting nearly an additional 150,000 persons and 60,540 households by 2030. This translates to an average annual population growth rate of 2.5% and a household growth rate of 2.9%. These rates far exceed the expected long-term averages for the region and nation. In Maryland, only Charles County is expected to have a higher rate of growth, according to the Maryland Department of Planning.

Employment Growth

Employment in the Washington CSA is expected to increase through 2030 at a rate somewhat higher than the national average. An increase of nearly 2.4 million jobs over the 2000-2030 period represents roughly 80,000 new jobs annually in the region.

At the same time, Frederick County is projected to grow its employment base by over 70,000 jobs over this 30 year period. This would mean that approximately 2,400 jobs will be created annually in the County. While a small percentage (3.0%) of the overall area's employment growth, the County's projected increase in jobs at 2.3% annually exceeds the region's 1.6% rate.

It should be noted that the Woods & Poole projections build upon historical trends. According to the Maryland Department of Labor, Licensing and Regulation's latest figures, Frederick County created 9,142 jobs between second quarter 2001 and second quarter 2004, an overall increase of 11.37%. Frederick County had the second highest number of new jobs created in the State of Maryland during this time period. New jobs in the County accounted for 28% of all new job growth in the State of Maryland.

E. CITY OF BRUNSWICK

LF&M finds that regional trends in Frederick County and the Washington CSA are most relevant to the type of development envisioned at Brunswick Crossing and most indicative of its potential. Nonetheless, it is useful to understand the historical background and recent circumstances of the City of Brunswick as the community into which the subject has been annexed.

History

The City of Brunswick received its first permanent settler (Abraham Pennington) in 1728 and was successful for a century as a trading post and Potomac ferry crossing into Virginia. The Maryland Historical Trust's description of the Brunswick Historic District (listed in the National Register of Historic Places in 1979), which encompasses much of the existing municipality is an accurate description of the City's physical development:

> "Brunswick is a town with a double heritage, one aspect of which is reflected in its physical appearance, and the other which, except for a few scattered buildings, is extant only as a part of recorded history. In its early days, Brunswick (then known as Berlin) was a small river town whose trade-oriented economy

was boosted by the arrival of the Chesapeake and Ohio Canal and the Baltimore and Ohio Railroad in the second quarter of the 19th century. The growth of the railroad ultimately altered the town beyond recognition when a large rail yard established there in the 1890s caused a massive building boom. Brunswick today is a railroad town of basically c. 1890-1930 period construction, with very few visual remnants of its earlier and quieter identity."

The City had a population of 2,000 persons in 1893, growing to 4,000 persons in the 1930 U.S. Census and being approximately 5,000 persons in 2000.

The City's downtown area was vital so long as the railroad anchored the local economy, but then fell into decline—accelerated by the 1985 construction of the Brunswick Shopping Center at the edge of town. The City's historic commercial district centering on Potomac Street was officially designated a Maryland Main Street area in 2004. The Main Street area is attractive, but has a typical tenancy of antique and second-hand shops and is still seeking its role in the commercial life of the City and region.

Demographic/Economic Profile

After the City of Frederick, Brunswick is the second-largest municipality in Frederick County. As indicated in the 2000 Census, the City's population has remained stable in recent years:

Brunswick – 2000 Census			
	1990	2000	Change
Population	5,138	4,894	-4.8%
Households	1,811	1,866	+3.0%

The build-out of Brunswick Crossing, then, will essentially double the size of the City.

Brunswick's median household income in 2005 is estimated by ESRI to be $54,282, approximately one-fifth (18.0%) lower than Frederick County's estimated $66,164 median. Owner-occupancy is high at 72.1% in 2005, a rate comparable to the County's 75.6% statistic. The City's housing stock, however, is much older since the median year built for the municipality was 1955, whereas the County's median was 1980 in the 2000 Census. The median value of a Brunswick owner-occupied dwelling in 2005 is estimated at $212,112: one-third (33.3%) lower than the County's $318,445 median.

The City has become a bedroom community for commuters. Commuter patterns for workers are similar to Frederick County's with 41.0% of residents being employed outside the County in 2000. Over one-third (35.3%) of workers had a commute of over 45 minutes.

MARC Station

The Maryland Transit Administration (MTA) runs the MARC Brunswick Line commuter trains, which originate in Brunswick or Martinsburg WV and then terminate in Washington, DC's Union Station. The trains run on weekdays and carry 6,000-7,000

passengers daily, with approximately 675 of them boarding at the Brunswick stop. There are six morning trains (5:00 a.m.-7:40 a.m.) departing from Brunswick daily, four of which originate in Brunswick; seven evening trains (3:08 p.m.-8:36 p.m.) return, with four terminating in Brunswick. The trip between Brunswick and Union Station is scheduled at approximately 1.5 hours.

The Brunswick station has a parking capacity of approximately 400 spaces, which are not metered. LF&M has found that parking utilization is extremely high, with cars typically overflowing the lot. Many commuters drive in from adjoining areas of Frederick and even Loudon (VA) counties.

The Brunswick MARC commuter line, established in the 1970s, is a key contributor to renewed interest in Brunswick, enabling households to live in a quality, small town atmosphere while working in the region's economic hub of Washington, DC.

F. INDICATORS OF GROWTH

Migration Statistics

Unlike some jurisdictions which might grow principally through a net natural increase of births over deaths, Frederick County has experienced significant growth through net migration, i.e. the number of persons relocating to Frederick County exceeds the number of those whom are leaving. Statistics provided by the Maryland Department of Planning illustrate these trends:

Net Migration (In- minus Out-Migration) for Frederick County					
	1980-1985	1985-1990	1990-1995	1995-2000	1980-2000
Baltimore Region	-1,226	1,188	2,659	2,787	5,408
Montgomery	4,691	8,204	12,381	8,742	34,018
Prince George's	1,126	1,283	1,345	1,368	5,122
Other – Maryland	-18	-1,416	-1,677	-1,751	-4,862
All Other Areas	868	3,546	302	-815	3,901
TOTAL	5,441	12,805	15,010	10,331	43,587

Migration patterns subsequent to 2000 are consistent with those documented above. The vast majority of persons who have moved to Frederick County since 1980 have relocated from Montgomery County and, to a lesser extent, from Prince George's County. This situation can be readily explained as a natural extension of the push of persons and households outwards from the District of Columbia and its suburbs with their rising housing costs and other quality of life issues. In addition, the establishment of a regional transportation network has contributed to the ability of the workforce to live in Frederick County and work elsewhere. Because 40% of the county's workforce commutes out daily, continued transportation infrastructure improvements are a major priority for Frederick County's political leadership.

To a far lesser extent, Frederick County has lost population to Washington County as well as the neighboring states of Pennsylvania and West Virginia. These are perhaps households who wish to recapture a more rural lifestyle in more remote and less developed areas.

New Residential Construction

LF&M has reviewed historical residential development trends in the City of Frederick and Frederick County (Table III-10), as supplied by the County's Division of Planning. New residential construction permits in Frederick County totaled 24,552 units during the twelve year period from 1994-2005. The majority of new construction was single family detached housing (estimated by LF&M as over 60.0%), followed by townhouse construction (estimated by LF&M as over 25.0%) and then multifamily products. Over the period an average of 2,046 homes were authorized annually. In 2005 there were 2,251 residential construction permits issued—10% above the trend.

Overall, the City of Frederick has accounted for more than one quarter (28.3%) of total County housing starts during the period. The number of new building permits in the City of Frederick during 2002 was severely limited by a moratorium imposed on new construction because of a water shortage beginning in March 2001. Although this moratorium has been lifted, residential development has been affected by the lack of sufficient water allocations from the City of Frederick.

Existing Housing Prices

The table below offers housing statistics on resales of existing homes in recent years from the Maryland Association of Realtors:

Frederick County Existing Home Resales		
	No. of Resales	Median Resale Price
2001	3,807	$182,576
2002	4,061	$206,540
2003	4,132	$199,900
2004	4,383	$241,000
2005	4,672	$310,000
Change '01 – '05	22.8%	69.8%

The Office of Federal Housing Enterprise Oversight (OFHEO) recently reported through 4th quarter 2005 that the Washington CSA ranked 33rd in the nation of housing price appreciation over the previous 12 months with an increase of 21.32%. In the preceding five years, housing prices in the Washington CSA had increased over 100% (107.42%)—ranking the region 27th in the country. All of the metropolitan areas with higher appreciation rates were in California or Florida, with the former representing two-thirds of the total.

Table III-10
BRUNSWICK CROSSING MARKET ANALYSIS
Frederick County and Frederick City
Annual Permit Data--New Construction
1994 - 2005

	Frederick County*	Frederick City	Total	City %
1994	1,400	607	2,007	30.2%
1995	1,276	314	1,590	19.7%
1996	1,362	418	1,780	23.5%
1997	1,515	453	1,968	23.0%
1998	1,420	609	2,029	30.0%
1999	1,671	1,080	2,751	39.3%
2000	1,987	1,018	3,005	33.9%
2001	1,456	616	2,072	29.7%
2002	1,564	41	1,605	2.6%
2003	1,394	530	1,924	27.5%
2004	1,075	495	1,570	31.5%
2005	1,480	771	2,251	34.3%
Total	**17,600**	**6,952**	**24,552**	**28.3%**
Average	1,467	579	2,046	

* "Frederick County" includes unincorporated areas and all municipalities other than Frederick City
Source: Frederick County, Division of Planning

Brunswick Region Plan

The Brunswick Region is one of eight long-range planning areas within Frederick County. The Brunswick Region comprises the southern portion of the Middletown Valley and is bounded on the west by the South Mountain ridge formation and on the east by Catoctin Mountain. The Potomac River forms the southern boundary of the Region and the northern boundary is delineated by tributaries to Catoctin Creek. The Brunswick Region is large, encompassing approximately 61 square miles.

The planning document for the Brunswick Region, the Brunswick Region Plan, was prepared by the Frederick County Department of Planning and Zoning after several years of public forums with area residents as well as municipal and County officials. The Brunswick Region Plan addresses such issues as desired land use patterns, future transportation networks, infrastructure requirements, future community services and facilities, future conservation of the Region's natural resources and preservation of the area's agricultural character. The planning effort projected 20 years into the future. The Brunswick Region Plan is built upon Frederick County's comprehensive planning process whose stated goal is to direct residential, commercial and industrial growth to compact and designated communities. In this way, uncontrolled sprawl is minimized. The Brunswick Region Plan was formally adopted by the Frederick County Commissioners in January 1998.

Three distinct levels of community are outlined for each region within Frederick County. In the Brunswick Region, there is only one Regional Community; one District Community; and four Rural Communities. Each of these is discussed below:

- Regional Community - The City of Brunswick is the designated Regional Community for the Brunswick Region. Since the late 19th century, the City of Brunswick has been the predominant residential and commercial center in Frederick County due to its robust industrial and transportation economic base and proximity to both rail and water transportation routes. Brunswick has the widest range of community facilities and services and is able to accommodate higher densities of residential development as well as commercial and employment uses than the rest of the Region.

- District Community - Jefferson is the District Community for the Brunswick Region. Much of the residential development which has taken place since the mid-1980's has taken place along the U.S. Route 340 corridor between Brunswick and Jefferson. Both Jefferson and Brunswick are able to support growth through the availability of public water and sewer.

- Rural Communities - Rural communities are older crossroad settlements, generally lacking in community services and facilities necessary to support new growth. In the Brunswick Region, Burkittsville, Knoxville, Petersville and Rosemont are designated as Rural Communities. Over the past 20 years, these towns have witnessed very limited residential development.

The Brunswick Region Plan clearly delineates the City of Brunswick and, to a lesser extent, Jefferson, as the areas within the southern portion of Frederick County which will accommodate future growth. Within this framework, the proposed Brunswick Crossing is consistent with both the City of Brunswick and Frederick County planning visions.

Brunswick Master Plan

In 2004, the City of Brunswick adopted a Master Plan. LF&M has reviewed the document and we find the City Master Plan to be consistent with the County regional plan described above. We also find that the proposed Brunswick Crossing development is consistent with and anticipated in the Master Plan.

The Master Plan states as its first goal to "foster the growth of Brunswick as a regional center for residential, commercial and employment development." Steps toward achievement of that goal which are particularly relevant to the subject include:

- Encourage residential growth within the City and in areas to be annexed to the City to accommodate future population growth.

- Allow for a variety of housing types to be constructed in the City to accommodate the needs of a variety of household types.

- Provide opportunities for retail and service uses to serve both the City and the surrounding region.

- Encourage annexation of surrounding properties.

G. SUMMARY

LF&M finds that the trends analyzed above set a very positive market environment for Frederick County and the City of Brunswick. They benefit from the expansion of an exceptionally strong regional economy which outpaces the nation in population, household and income growth. Frederick County is one of the fastest growing jurisdictions within the Washington CSA.

In comparison to other metropolitan areas, the Washington CSA has the distinction of leading the country in economic expansion. At the heart of this growth in spending and job creation is the federal government, headquartered in Washington D.C. With the escalation in federal spending over the past several years, federal procurement dollars have fueled the region's expansion. The region has also experienced increasing diversification, with the development of a high-tech job base as well as establishing itself as a center for bio- and information technology firms. While the government forms a solid base for the region's economy, employment is now typically driven by private sector firms. As a result, the region continues its exceptionally strong job growth while

maintaining low unemployment rates and rising household incomes. These trends are not expected to be altered in the foreseeable future.

Within this attractive environment, Frederick County has been able to establish itself as a particularly appealing place to live. The area boasts a wonderful, small-town, quasi-rural character and abundant, competitively priced housing, particularly relative to the closer-in Washington, D.C. suburbs. The area also offers impressive academic schools and programs, cultural arts, a home town minor league baseball team and comprehensive health care through the Frederick Memorial Healthcare System. All of these factors have contributed to the reputation of the County as a premier place to both live and work.

The Brunswick Crossing development is consistent with Frederick County and City of Brunswick planning efforts. The subject will essentially double the size of the City and introduce a significant supply of homes at a higher price range than typically available in recent history. This is possible due to the City's shift to a suburban bedroom community, attributable to the MARC commuter rail station and the expansion of employment opportunities into Frederick County and neighboring jurisdictions in Virginia.

Brunswick Crossing benefits from having an excellent commuting location. The value of the location is reinforced by public planning policy, which focuses the majority of residential development in municipalities.

IV. FOR-SALE PRODUCT

In this section, Lipman Frizzell & Mitchell evaluates the preliminary design concepts of the for-sale residential product to be developed at Brunswick Crossing and their competitive pricing environment. We project the likely achievable prices based on currently selling product in southern Frederick County.

A. BRUNSWICK CROSSING RESIDENTIAL PRODUCTS

Brunswick Crossing offers significant opportunities for residential development with its size, location and planned amenities. Brunswick Crossing will be constructed on 552.7 acres, land recently annexed into the City of Brunswick. The planned community will be phased and developed over a ten year period. Upon completion, the community will include 1,505 residential dwelling units and approximately 190 acres will be set aside for use of community and recreational facilities as well as open space, stream valley conservation areas, biking trails and other green spaces.

The current site plan for Brunswick Crossing delineates six different for-sale residential product types. These are presented in the table below:

For-Sale Product - Brunswick Crossing PUD		
Unit Type	Lot Width	Units
Single Family Detached	70 ft.	422
Single Family Detached- TND	50 ft.	184
Single Family Detached-TND	45 ft.	440
Villa Homes	36 ft.	60
Villa Homes-TND	36 ft.	156
Townhouses-TND	24 ft.	143
Total		1,405

As shown, 65.3% (917 units) of the development is planned as a Traditional Neighborhood Design (TND). The defining characteristic of this type of planned community is that residences have only a small amount of front yard space and instead are located in close proximity to the community thoroughfares. The majority of open space on each lot is located in the rear. Vehicular entry is from either the rear or side via alleys which are placed behind the homes. The design style has been encouraged in many areas due to the fact that it maximizes density and preserves a larger proportion of open space within the community.

The developer anticipates recording roughly 150 building lots annually for several product types simultaneously over a ten year sell-out period. This would allow for the sale of homes in the Brunswick Crossing community at varying price points to maximize potential consumer demand.

B. SINGLE FAMILY DETACHED

In this section, LF&M will analyze recent sales and inventory in the for-sale single-family detached subdivisions in southern Frederick County. The communities highlighted are reflective of market conditions in and around Brunswick although not inclusive of all the new home product currently available in this market area. LF&M lists the details for all 2005 sales by product and subdivision in Appendix C.

Standard Single Family Product

We have identified three subdivisions currently selling the standard suburban single family detached product on one-quarter to one-half acre lots in this market area. The single family detached homes in these three communities are described below.

Galyn Manor

Galyn Manor, located along MD Route 464 (Point of Rocks Road), is a single family detached and townhouse community near the planned Brunswick Crossing. Galyn Manor consists of approximately 140 acres, of which 65 acres are dedicated open space. Community amenities include walking paths and tot lot. The community, upon build out, will consist of 216 single family detached homes and 60 townhomes. There are two single family detached builders in this subdivision: Pulte and Ryan Homes. Both of their products and sales experience is presented in the text below.

Pulte Homes

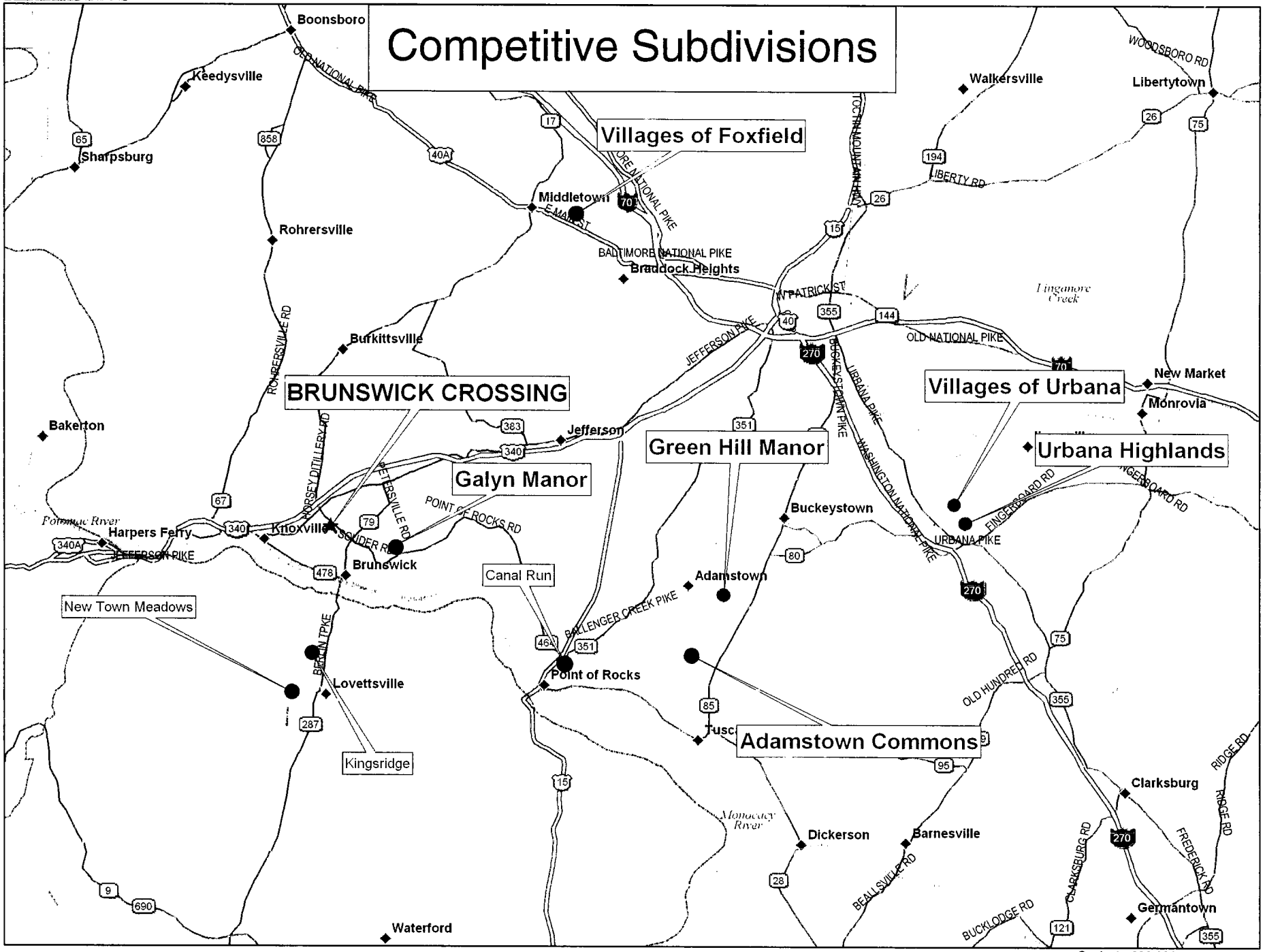
Pulte Homes is building 138 single family detached homes on one-fifth to one-quarter acre lots in this Brunswick subdivision. Sales began in mid-March 2003 on the initial phase, which is now completely sold out.

Pulte Homes is now in the second and final phase, which started in 2004 and now selling single family homes with current base pricing of $497,490 - $524,490. There are four basic models, ranging 2,304 – 2,926 sq.ft. All homes will include four bedrooms, 2.5 baths, full unfinished basement, two-story foyer, 9 ft. ceilings on the main level, gas fireplace with marble surround, 42-inch oak cabinets in a center-island kitchen, ceramic tile in the bath and "high tech" wiring.

LF&M has researched the Maryland Department of Assessment and Taxation Maryland Property View (MPV) database for Pulte Home settlements which took place in 2005. The following table summarizes this information.

Pulte Homes - Galyn Manor – 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
33	$350,975 - $595,695	$494,145	0.235 acres	3,182 sq.ft.

Competitive Subdivisions



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TN

MN (10.5°W)

Scale 1 : 200,000

1" = 3.16 mi

Data Zoom 10-0

The 2005 median settled price for Pulte's homes in Galyn Manor was $494,145—an increase of approximately $175,000 or 55% over 2004's median sales price of $318,585 on 32 sales.

Traditional single family homes in this section of Galyn Manor have sold at a pace of 2 homes per month. Currently the builder is offering an incentive of $20,000 in options or $6,000 towards closing cost.

Ryan Homes

Ryan Homes has built 78 single family detached homes on one-fifth to one-quarter acre lots in Galyn Manor. Their sales effort began in mid-March 2003 and the Ryan Homes representative indicates that that all homes have now been sold. There were nine different models in this community, ranging in size from 2,249 – 3,653 sq.ft. The homes included four bedrooms, 2.5 – 3.5 baths, unfinished basement, two car garage, 9 ft. ceilings on the first floor, hardwood foyer floor, wiring for security system and upgraded kitchen appliances.

LF&M has researched the Maryland tax records for Ryan Homes settlements taking place in 2005. The table below summarizes this information.

Ryan Homes - Galyn Manor – 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
29	$379,825 - $643,750	$508,925	0.203 acres	2,908 sq.ft.

The homes in this section of the community have sold at an overall pace of slightly more than 2.5 homes per month. The 2005 median settled price for Ryan's homes in Galyn Manor was $508,925—an increase of approximately $94,000 or 23% over 2004's median sales price of $414,608 on 30 sales.

The homeowner association (HOA) fee in Galyn Manor is $35 per month and includes trash removal and common area maintenance.

Green Hill Manor

Green Hill Manor is a 300 lot single family detached subdivision along New Design Road, approximately ten miles east of the subject in Adamstown. This Drees Homes (formerly Ausherman Homes) community began selling in January 1999 and is nearly sold out at this time (6 homes remaining). There are eight models available in this community. The smallest, the Linden, is a ranch home with 1,862 sq.ft. with three bedrooms, 2.5 baths, unfinished basement and two car garage. The largest model, the Worthington, includes 4,044 sq.ft. on two finished levels and unfinished basement, two car garage, four bedrooms, three baths and such features as angled staircase, kitchen

with center island, separate formal living and dining rooms, 9 ft. ceilings on the first floor, hardwood floors in foyer, unfinished basement with full bath rough-in and two car garage. Lots range in size from one-third to one-half acre, with a minimum frontage of 60 feet. Community amenities include open space with soccer field, basketball court and tot lots.

The table below summarizes the settlements which took place in 2005.

Drees Homes – Green Hill Manor – 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
55	$466,850 - $734,300	$580,075	0.402 acres	3,158 sq.ft.

Base pricing for the remaining 6 homes in this community range $600,000 - $680,000. Lot premiums range $4,000 - $15,000. There is a homeownership fee of $302 per year which includes common area maintenance and trash. The estimated average base price of homes selling at this time is $675,000. The builder is currently offering an incentive of $30,000 towards either options or closing costs.

The 2005 median settled price for Drees' homes in Green Hill Manor was $580,075—an increase of approximately $89,000 or 18% over 2004's median sales price of $491,440 on 36 sales.

Overall, homes in this community have sold at an average pace of 3.5 homes per month since sales began in January 1999.

Adamstown Commons

Adamstown Commons is a planned 201 unit subdivision which will include three builders: NV Homes, Ryan Homes and Craftmark Homes. The sales trailer for NV Homes and Ryan Homes opened in April 2005. Craftmark Homes has recently opened an on-site marketing office.

LF&M discovered only two settled sales for the subdivision in 2005. The median price was $768,770. It is unclear from the tax records whether the seller was the NV or the Ryan Homes division of NVR. The pricing and product for the standard lot homes currently being offered by NV Homes, Ryan Homes and Craftmark Homes are as follows.

NV Homes

NV Homes will be selling 21 standard lot homes and 33 neo-traditional homes in this community. The traditional homes will be located on lots which are roughly one-third acre in size. The neo-traditional homes will average 5,000 sq.ft.

The builder to date has sold 4 of its neo-traditional and 7 of its traditional homes. The NV Homes representative indicated that there are 2 traditional homes currently available for sale, one of which is on a ½ acre lot. Buyers can choose from one of six model homes, all of which include four bedrooms, 2.5 – 3.5 baths, brick façade, unfinished basement with recreation room bath rough-in, two car garage, gas fireplace with marble surround, hardwood floor in the foyer, ceramic tile in the baths and two zone gas heat. The homes range 2,700 - 5,000 sq.ft. in size. Base prices range from $549,000 to $708,990, or $142 - $203 per sq.ft.

Homes have been selling on average of 1 or 2 per month. Representative of NV Homes has indicated that most of the sales have been to Frederick County residents who learned of the community through word-of-mouth or driving by the site.

Ryan Homes

Ryan Homes is now selling 29 traditional and 45 neo-traditional homes in Adamstown Commons. The planned single family detached homes will be on 29 one-fourth to one-third acre lots. The homes will include brick fronts, two car front or side garage, unfinished basement with rough-in, gas fireplace, 9 ft. ceilings on the first floor and hardwood floor in foyer, kitchen and laundry room.

Home prices are estimated "from $499,900 to $699,900" for homes ranging in size from 2,100 – 3,893 sq.ft. This base pricing is roughly in the range of $180 - $238 per sq.ft.

There is a homeowner's association fee of $30 per month for the homes on larger lots in this community. Fees include trash removal, common area maintenance and snow removal.

Craftmark Homes

Craftmark Homes is now selling 43 single family detached homes in Adamstown Commons. The homes will be on one-fourth to one-third acre lots. The homes are 4-5 bedroom flooplans with 2.5-4.5 baths and including brick fronts, two car garage, unfinished basement with rough-in, gas fireplace, 9 ft. ceilings on the first floor and many luxury features standard.

Home prices are estimated "from the high $600's" for homes ranging in size from 2,555 – 5,000 sq.ft. Two "immediately available" homes have asking prices of $712,765 and $741,895.

Other Subdivisions

Drees Homes is currently selling their additional phase of single family detached homes (Phase I) in the planned 325 home **Canal Run** subdivision in Point-of-Rocks. According to a sales representative, with only a few lots left from Phase I priced at $487,900, Drees Homes are now starting to sell Phase II which will consist of single family homes starting at $492,800. Phase II will range in size from 2,190 sq.ft.

Also, two Ryan Homes subdivisions are currently selling across the Potomac River in Lovettsville in Loudoun County. These subdivisions are located on the north end of town off VA Route 287 (Berlin Turnpike), roughly three miles south of Brunswick's Potomac River bridge. **New Town Meadows** is planned as a 150 single family home subdivision. To date, 80 homes have been sold at prices "from the upper $500's". **Kingsridge** is a relatively new subdivision and is now selling a total of 85 Neo-traditional homes. Current base prices for homes in this community range from $489,990 - $519,990. There are 3 different models ranging in size from 1,944 – 3,178 sq.ft. To date, 30 homes have been sold. The sales agent stated that most of the traffic is coming from Ashburn and Leesburg areas. Homes have sold at roughly 3 units per month.

Neo-Traditional Single Family Product

LF&M has identified four subdivisions which are currently selling neo-traditional product on very small lots in southern Frederick County. Each of these is described below.

Urbana Highlands

Urbana, which is located roughly 18 miles east of the subject, is considered to be one of Frederick County's unincorporated growth areas. The major impetus for growth in this southeastern portion of the County has been fueled by the proximity of Urbana to I-270. It is anticipated that, over the next decade, the area will continue to develop at a brisk pace with roughly 3,600 homes planned on its 1,075 acres. Overall, both Urbana Highlands and the Villages at Urbana have reputations as well-planned, quality developments.

Advantage Homes

Advantage Homes is currently sold out of Section P4 except for one model home that Advantage Homes is utilizing as their temporary sales office for the newly opened Section P1 of Urbana Highlands. The single family detached homes in Urbana Highlands are set in a Traditional Neighborhood Design (TND) on lots which average 5,000 sq. ft. The homes include neo-Victorian architecture, alleyways with rear garages, turned gables, wrap-around front porches and detailed exterior trim packages. The "Vintage Series" of homes began selling in February 2003 with a total of 78 homes. All of the homes included a minimum of four bedrooms, 2.5 baths and a finished lower level. Advantage Homes is currently marketing their new community within Urbana Highlands featuring brand new designs of neo-traditional rear alley and traditional colonial single family homes. The neo-traditional homes range from 2,700 to over 3,400 sq. ft. and the colonial single family homes range from 2,800 to over 5,000 sq. ft. Three neo-traditional plans starting in the high $500's and six colonial plans starting in the high $600's are available.

The lots in this community average 40 ft. in width with the building taking up almost all of the lot area, leaving only several feet of yard in the front, side and rear of the house. LF&M has researched sales of these homes in 2005. This information is summarized below.

Advantage Homes – Urbana Highlands – 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
31	$450,175 - $666,402	$581,082	0.115 acres	2,789 sq.ft.

The Advantage Homes sales agent indicates that buyers were almost exclusively from Montgomery County. Settled prices ranged from $186 to $221 per sq.ft. The 2005 median settled price for Advantage's homes in Urbana Highlands was $581,082—an increase of approximately $101,000 or 21% over 2004's median sales price of $480,424 on 45 sales.

There is a monthly homeowner association fee of $79 which includes all yard maintenance, snow removal and use of the community pool and tennis court.

The pace of sales in this community estimated to be slightly under three homes per month.

Villages of Urbana

The Villages of Urbana is a large-scale PUD currently being developed by Natelli Communities. The residential development is in distinct neighborhoods with a shared retail center in the middle of the town as well as swimming pool and bathhouse, tennis courts, tot lots and Monocacy River walking trails. There are five builders actively selling in this community, each with their own model homes.

Classic Community Corporation

In this community setting, Classic Community Corporation has been building both standard lot and neo-traditional homes since July 2000. At this time, all of the released homes have been sold and the final section of 25 homes is now selling. This final section consist of Neo-traditional homes and to date 12 homes have been sold. Five spec homes have been built. Base price for this final section is $606,000. All homes are 2,800 sq.ft. This represents a price per sq.ft. of $216.

Home upgrades include 10 ft. ceiling on the first floor and nine ft. ceiling on the second floor, front porch, dual walk-in closets in the master bedroom, hardwood floor in foyer and powder room, gas fireplace and choice of 1st or 2nd floor laundry room.

The table below summarizes the 2005 settlements in this community.

Classic Community Corporation – Villages of Urbana 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
35	$541,100 - $745,000	$613,320	0.168 acres	2,892 sq.ft.

The overall sales pace for both the neo-traditional and standard lot homes by this builder is estimated to be slightly over one unit per month. The 2005 median settled price for Classic's homes in Villages of Urbana was $613,320—an increase of approximately $53,000 or 10% over late 2004's median sales price of $559,890 on 4 sales.

Adamstown Commons

NV Homes

NV Homes has released its planned 33 neo-traditional homes. Construction started December 2005. All homes include four bedrooms, 2.5 – 3.5 baths, two car detached garage with small courtyard between the home and the garage, 9 ft. ceilings on three levels, Jacuzzi soaking tub and glass enclosed oversize shower in master bath, hardwood floor in foyer, kitchen and powder room and gas fireplace. Per the sales agent lots are roughly one-eighth of an acre in size.

The homeowner fee for the neo-traditional homes is $75 per month and includes trash removal, maintenance of the common areas and alleys.

Ryan Homes

Ryan Homes has released their initial section of their planned 45 neo-traditional homes. There are three models available in this community, ranging in size from 2,100 – 3,893 sq.ft. These homes include an unfinished half basement, two living levels, three bedrooms and two baths, detached rear two car garage with optional guest suite over the garage and such features as hardwood foyer, double bowl sink in the kitchen, walk-in closet in master bedroom and upgraded master bath with both soaking tub and shower.

Sales pace has been 2 to 3 per month.

Villages at Foxfield

Villages at Foxfield is an existing PUD which includes several hundred homes across from Middletown Park roughly 12 miles northeast of the proposed Brunswick Crossing community. Admar Homes is currently building 80 single family detached homes on small (one-tenth to one-eighth acre) lots within a TND setting for active adults, age 55

and older. Homes are located on private courts that feature streets and alleys with the appearance of cobblestone.

The builder has several models of homes in this community, including ranchers, two story models and a bungalow-style home. All homes feature first floor owner's suite, upgraded master bath with soaking tub and glass shower and detached or attached two car garage.

The table below lists the 2005 settlements for this builder.

Admar Homes – Villages at Foxfield 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
8	$378,000 - $592,422	$435,250	0.111 acres	1,968 sq.ft.

The median cost per sq.ft. for homes settled in this community is estimated to be $221 per sq.ft. The 2005 median settled price for Admar's homes in Villages at Foxfield was $435,250—an increase of approximately $99,000 or 29% over 2004's median sales price of $336,216 on 13 sales.

C. SINGLE FAMILY ATTACHED

LF&M has identified three builders in southern Frederick County with a single family attached product. Each is described below.

Galyn Manor

Ryan Homes has completed sales of its 60 townhomes in this community. Sales began in mid May 2003 and were completed by fall 2004. According to a review of assessment records, there were 16 transfers in 2005 of which half were re-sales by original buyers and half were builder sales.

Ryan Homes – Galyn Manor 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
16	$265,785 - $314,233	$302,498	0.055 acres	1,760 sq.ft.

These homes had a median gross size of 1,760 sq.ft. and were sold for between $265,785 - $314,233 with a median settlement price of $302,498 ($154 - $192 per sq.ft.) Re-sales averaged $303,475—a 7% premium over original builder sales during the same period which averaged $283,662. Lot sizes were 2,400 sq.ft. for inside lots and 3,600 sq.ft. for end units. This townhouse community sold at an overall pace of slightly more than four homes per month.

Villages of Urbana

NV Homes

NV Homes is continuing to sell their neo-traditional townhomes within the Villages of Urbana. The townhomes which are currently selling include approximately 1,800 sq.ft. of space in a three-story format, some with basement level entry, three bedrooms, 2.5 baths, brick fronts and sides (for end units), detached two car garage with courtyard between the home and the garage. These homes can be extended to include an additional 500 sq.ft. of space. Townhomes are priced between $460,000 - $490,000, depending upon location and elevation. This represents a pricing of $256 - $272 per sq.ft.

The table below summarizes settlements for this builder in 2005.

NV Homes – Villages of Urbana 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
14	$413,168-496,870	$428,335	0.064 acres	2,748 sq.ft.

The 2005 median settled price for NV's homes in Villages of Urbana was $428,335—an increase of approximately $55,000 or 15% over 2004's median sales price of $372,915 on 13 sales. The current base pricing for homes in this community has risen nearly $30,000 over the early 2005 base pricing.

According to the sales agent, to date 140 homes have been sold and only 6 remaining to be sold. Sales pace has been roughly three units per month.

Ryan Homes

Ryan Homes to date is completely sold out. These units were base priced between $388,900 - $403,150 and had 2,600 sq.ft. on three finished levels, walkout basement, fireplace, choice of three bedrooms or two owner's suites, two full baths and two half baths, 9 ft. ceilings and brick fronts. There is no garage parking. According to the sales representative Ryan Homes will be going into the next phase by mid-summer 2006.

The table below summarizes settlements which took place for this builder in 2005

Ryan Homes – Villages of Urbana 2005 Settlements				
No. of Settlements	Settlement Range	Median	Median Lot Size	Median House Size (Gross)
13	$343,150 - $434,900	$360,400	0.051 acres	1,772 sq.ft.

The 2005 median settled price for Ryan's homes in Villages of Urbana was $360,400.

The HOA fee is $70 per month and includes trash removal as well as all exterior maintenance. This fee applies to both the Ryan Homes and NV Homes townhomes within the Villages of Urbana.

Other Builders – Villages of Urbana

In addition, it should be mentioned that there are other builders who continue to have inventory of neo-traditional townhomes within the Villages of Urbana. For example, **Main Street Homes** townhome units are currently selling from the low $500,000's and include three bedrooms, 2.5 baths and a finished recreation room on the lower level. All of their townhomes include two car detached garages. The HOA fee is $65 per month. Similarly, **Parkwood Homes** has a new section as of November 2005 and has advertised pricing starting at $579,900.

D. SUMMARY AND CONCLUSION

The new home market in southern Frederick County continues to thrive despite the rising cost of land and new home product. LF&M judges that this situation can be attributed to the area's continuing overall appeal and quality of life. Despite the fact that southern Frederick County's new home prices have escalated over the past several years, homes in this region remain affordable, especially in relation to new home prices in the Washington, D.C. suburbs of Montgomery County, Maryland and Fairfax County, Virginia.

LF&M summarizes data concerning 2005 settled sales for single family detached subdivisions reviewed above as follows:

Single Family Detached Sales - Summary				
Subdivision/Builder	Type	Med. Price	Med. Sq.Ft.	Price PSF
Galyn - Pulte	SFD	$494,145	3,182	$155
Galyn - Ryan	SFD	$508,925	2,908	$175
Green Hill - Drees	SFD	$580,075	3,158	$184
Urbana Highland - Advantage	SFD/NT	$581,082	2,789	$208
Villages of Urbana - Classic	SFD/NT	$613,320	2,892	$212
Villages at Foxfield – Admar	SFD/NT	$435,250	1,968	$221

Other product currently selling includes:

- NV in Adamstown Commons – Homes at 2,700-5,000 sq.ft. with base prices at $549,000-$708,990 ($142 - $203 per sq.ft.)

- Ryan in Adamstown Commons - Home at 2,100-3,893 sq.ft. with base prices estimated at $499,900-$699,900 ($180 - $238 per sq.ft.)

- Craftmark in Adamstown Commons - Homes at 2,555-5,000 sq.ft. and priced from the high $600's.

- Drees in Canal Run - Phase II homes from 2,190 sq.ft. and $492,800 ($225 per sq.ft.)

- Ryan in Lovettsville (VA) - New Town Meadows from the upper $500's and Kingsridge selling 1,944-3,178 sq.ft. neo-traditional homes base priced $489,990-$519,990 ($163-$252 per sq.ft.)

Data concerning 2005 settled sales for single family attached subdivisions reviewed above is summarized as follows:

Single Family Attached Sales - Summary				
Subdivision/Builder	Type	Med. Price	Med. Sq.Ft.	Price PSF
Galyn - Ryan	SFA	$302,498	1,760	$155
Villages of Urbana - NV	SFA	$428,335	2,748	$175
Villages of Urbana - Ryan	SFA	$360,400	1,772	$184

Other attached TND product currently selling within the Villages of Urbana includes Main Street Homes' units selling from the low $500,000's and Parkwood Homes advertising from $579,900.

Conclusion

Based upon recent sales, LF&M has evaluated competitive product and has developed a pricing matrix for new homes within Brunswick Crossing in current dollars. In general, we would expect pricing to be somewhat less than the new home pricing achievable in the Urbana area—but comparable to or somewhat higher than in the nearby single family subdivisions, such as Galyn Manor, Green Hill Manor, Adamstown Commons, among others. This pricing premium can be attributed to the PUD's planned commercial and retail opportunities as well as the community features not available within a residential subdivision. On the other hand, Brunswick Crossing is not as centrally located as Urbana and, as such, pricing will need to take into account its slightly less favored location.

Our proposed pricing per product line and a discussion of the rationale for our conclusions is presented below.

- **Standard Single Family Detached** - This product type assumes five homes per acre and a lot size of roughly 70 ft. in width and up to 310 ft. deep. At the present time, NV Homes is selling traditional homes on one-third acre lots in Adamstown Commons with base prices in the range of $500,000-$700,000 (though two homes settled in 2005 at an average of $768,770). We believe that the homes in Brunswick Crossing can be competitively priced with those in Adamstown Commons despite their smaller lot size, given the community's more attractive setting and amenities.

As a result, LF&M judges that these homes will be able to be sold for an average base price of $600,000 ($180 per sq.ft.) in current dollars for a home averaging approximately 3,300 sq.ft.

- **Neo-Traditional Single Family Detached** – According to the development plan for this community, it is anticipated that there will be neo-traditional homes with lot size of 45 – 50 ft. in width and up to 125 ft. deep. This would result in roughly eight single family homes per acre in a TND design format. The base pricing for competitive homes within the southern Frederick market area ranges from a low of $460,000 for Ryan Homes product in Adamstown Commons to $550,000 for NV Homes product in this same community. In addition, we note that pricing of neo-traditional homes in Adamstown Commons is roughly $65,000 - $90,000 less than pricing of standard lot homes. Conservatively, we judge that the neo-traditional homes in this community could be base priced today at an average of $510,000 ($200 per sq.ft.) for average 2,550 sq.ft. homes on the 45 ft. wide lots and an average of $525,000 ($200 per sq.ft.) for average 2,625 sq.ft. homes located on 50 ft. wide lots.

- **Neo-Traditional Single Family Attached** - The neo-traditional townhome lots are likely to be 24 ft. wide and as much as 140 ft. deep. Overall, we would expect that the overall density for these units will be approximately 18 - 20 units per acre. Given the relatively small size of these lots, the actual achievable pricing depends less on the lot and more on the house design and its features. As a result, it is more difficult to project the achievable pricing for these homes. Conservatively, we would expect that townhomes in this community could be base priced at an average of $375,000 ($180 per sq.ft.) for a 2,100 sq.ft. unit. This is $135,000 less than the proposed pricing for the neo-traditional single family homes in Brunswick Crossing. This pricing is $15,000-$20,000 less than the Ryan Homes townhomes which have just sold out in the Villages of Urbana. This is appropriate given Urbana's superior location with regard to transportation routes.

- **Standard and Neo-Traditional Villas** - While there are likely to be two styles of single-story attached villa homes, the lot frontage for both product types is estimated to be 36 ft. wide with lot depths of up to 125 ft deep. This would yield approximately 12 – 14 units per acre. This product is not currently available in the southern Frederick area. Generally, however, villa units will sell at a premium to townhomes but at a discount to single family detached homes. Given this pricing framework, we judge that the villa units can be base priced at $425,000 ($190 per sq.ft.) for a 2,200 sq.ft. unit. This is $50,000 higher than the townhomes yet $85,000 less than the lowest priced single family detached home in Brunswick Crossing.

The table below illustrates our estimated achievable pricing in current dollars at Brunswick Crossing.

Brunswick Crossing PUD – Achievable Pricing ($2006)			
Unit Type	**Lot Width**	**Units**	**Pricing**
Single Family Detached	70 ft.	422	$600,000
Single Family Detached- NT	50 ft.	184	$525,000
Single Family Detached-NT	45 ft.	440	$510,000
Villa Homes	36 ft.	60	$425,000
Villa Homes-NT	36 ft.	156	$425,000
Townhouses-NT	24 ft.	143	$375,000

Absorption

LF&M finds that the pace of sales in the area has remained strong at typically 2-4 units per month per builder in competitive subdivisions. The spikes in demand seen in other markets during the first three quarters of 2005, for example, were moderated in the Frederick County market by caps on the release of lots imposed by agreement with public authorities. We have seen no evidence of above-normal concessions or other indicators of over-supply of spec-built homes or subdivision lots in the area. Demand indicators for all future time periods remain exceptionally strong.

Based on the sales pace of subdivisions now selling and assuming that no fewer than three of the above unit types will be marketed at any given time, therefore, LF&M estimates that the subject's overall sales pace can average 13-15 units per month over its ten year development period.

V. COMMERCIAL DEVELOPMENT

In this section, Lipman Frizzell & Mitchell analyzes supply and demand factors relevant to the success of commercial (income-producing) development opportunities at Brunswick Crossing.

A. MARKET AREA

The market area typically served by Brunswick commercial development can broadly be described as southwestern Frederick County, extending from Point of Rocks on the east to Burkittsville and Jefferson on the north, then reaching over the Potomac to Lovettsville VA three miles to the south. The area is tied together by its road network: U.S. Routes 15 and 340; MD Routes 17 (Petersville Road), 464 (Burkittsville Road/Point of Rocks Road), Route 180 (Jefferson Pike); VA Route 287 (Berlin Turnpike), etc.

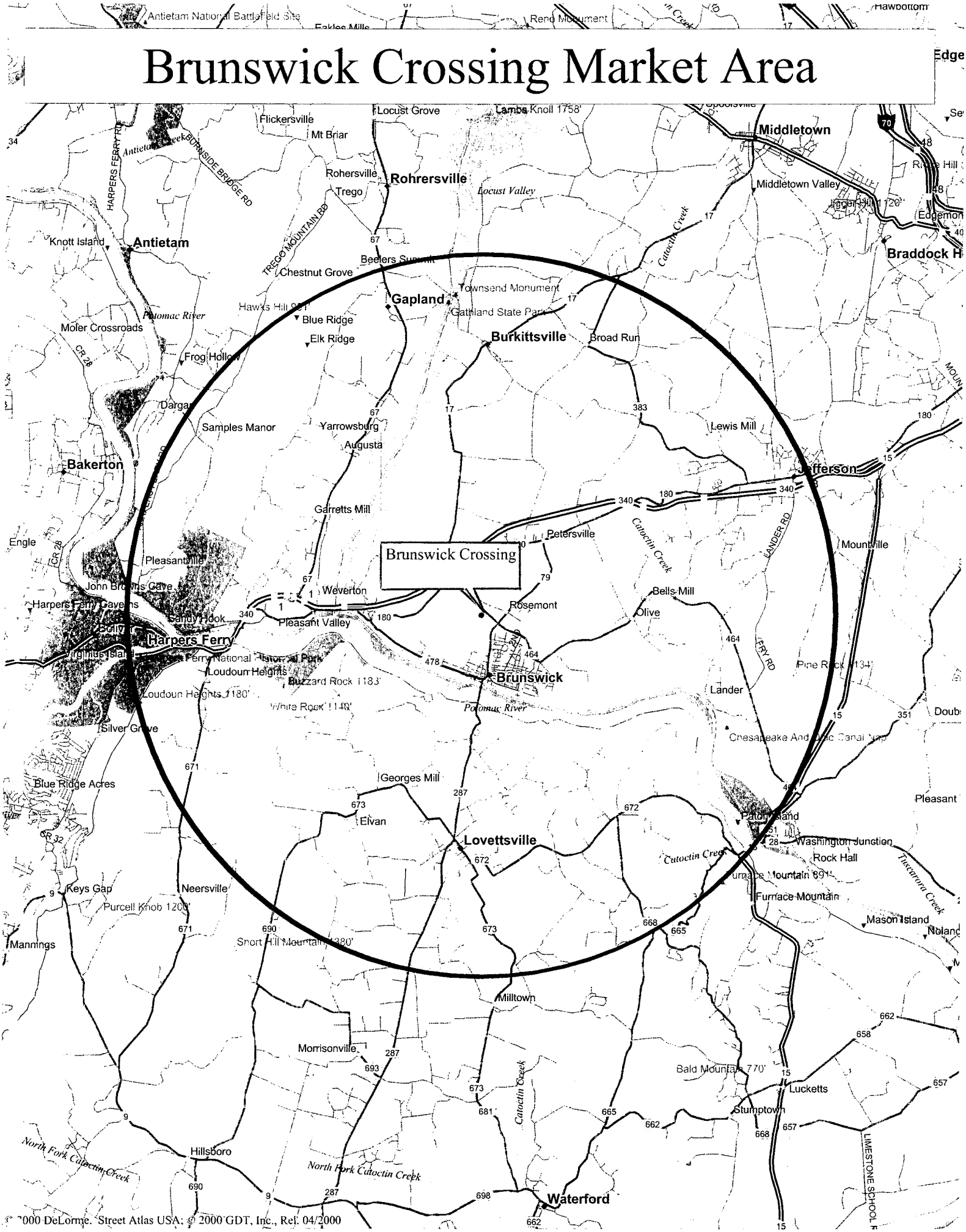
Since the market area is relatively thinly populated, commercial space is also limited. This means that a significant amount of consumer purchases especially for "shoppers goods" escape to commercial outlets in Charles Town WV (approximately 20 miles to the southwest) or in Frederick City (approximately 11 miles to the northeast):

- Charles Town - Charles Town is located across the Potomac River in Jefferson County WV. It is the location of a number of retail centers serving neighboring Harpers Ferry and adjoining areas of Maryland including: Charles Town Plaza with 201,000 sq.ft. and a Super Wal-Mart anchor; Jefferson Crossing with 93,000 sq.ft. anchored by CVS and a Martin's Foods; and Somerset Village anchored by a Food Lion supermarket.

- Frederick City - On the south side of Frederick, retailing opportunities include: Ballenger Creek Plaza with 75,000 sq.ft. of space and a Super Fresh supermarket anchor; Francis Scott Key Mall, a regional shopping center with 710,000 sq.ft. of enclosed space and department store anchors (Hecht's, JC Penney, Sears, Value City); Frederick Crossing, a power center with 300,000 sq.ft. of space including Best Buy, Kohl's and Ross; Westview Promenade, a lifestyle center with 200,000 sq.ft. of space anchored by an R/C Theaters multiplex movie.

LF&M judges that the 6-mile ring market area graphically depicted on the following page is reasonably representative of the territory from within which a supermarket-anchored community shopping center such as described in the Brunswick Crossing plans will draw the majority of its customers. That market area includes consumer households within a reasonable driving distance (typically less than 15 minutes) of the subject site for whom Brunswick Crossing is the closest supermarket location.

Brunswick Crossing Market Area



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B. COMMERCIAL SUPPLY

Supermarket-Anchored Shopping Center

There is only one shopping center which currently serves the Brunswick market area. The Brunswick Shopping Center is located at 52 Souder Road, near the intersection of MD Route 464 (Souder Road) and MD Route 17 (Petersville Road), approximately one-half mile to the east of the subject.

The center was built in 1986 and includes approximately 80,000 sq.ft. of leaseable area. Its anchor tenants are: Super Fresh supermarket (30,000 sq.ft.); Rite Aid Pharmacy (10,000 sq.ft.); and Family Dollar Store (7,800 sq.ft.) In-line tenants include: barber shop, optician, bank, dentist office, dry cleaners, medical offices, laundromat, video store, various restaurants and fast food outlets, etc. There are a Roy Rogers fast food restaurant, Citgo gasoline station and liquor store on pad sites. The retail mix is typical of a small supermarket-anchored shopping center.

LF&M has inspected the shopping center and finds it in fair condition. The supermarket is well-stocked and well-maintained. The shopping center parking lot seems moderately busy.

Main Street

The City's historic Potomac Street shopping district is a designated Maryland Main Street commercial revitalization area. The district appears to be well-maintained and presents an attractive face to the world. Nonetheless, its retail mix is dominated by secondary retailing and antique/second-hand shops. The City's historic shopping district is clearly no competition for the modern retailing located at the north edge of town. The development of Brunswick Crossing may well, however, add sufficient new upscale homeowners and disposable income to the Main Street's trade area that some of the historic storefronts can find more productive and profitable uses.

Other Nearby Retail

The intersection of MD Route 464 and MD Route 17 is the principal Brunswick commercial/retail location outside of the historic downtown. In addition to the Brunswick Shopping Center, commercial uses include: Sheetz convenience store and McDonald's fast food restaurant adjoining the subject to the west at the MD Route 180/17 round-about; Farmers & Mechanics Bank branch, Stauffer Funeral Home and fast food at the Maple Avenue intersection just east of Brunswick Shopping Center; Green County Inn and Diner farther to the east at 620 Souder.

Just west of downtown there is Potomac Station, a small shopping center of recent construction which includes a Dollar General discount store and local fitness club, pet grooming and office space.

Supply Summary

The commercial/retail market area for Brunswick Crossing contains commercial uses which have been limited in number and quality by the area's historically low population density and moderate household incomes. The subject's new upscale homeowners will expand demand in the area, enabling commercial supply to broaden also.

C. DEMAND ISSUES

LF&M has drawn demographic and economic data describing demand characteristics in the subject's defined market area from ESRI Business Information Solutions (ESRI). Specific market area data relevant to our analysis include the following:

Brunswick Crossing – Demand Characteristics				
	2005	2010	Change	Change %
Population	19,565	22,869	6,153	31.5%
Households	7,173	8,425	2,364	28.1%
Med. Hhld. Income	$69,948	$82,150	$21,236	35.1%
Aggregate Hhld. Income	$595,674,612	$851,657,975	$255,983,363	43.0%

Sources: ESRI

The data demonstrates the significant growth projected for the area. Population and households are expected to increase by over one-third. Household incomes will also rise significantly. Most important from a retail analysis perspective, aggregate household income is projected to increase by over two-fifths to $851,657,975. This significantly higher level of income offers much greater spending support for local retailers. LF&M believes the above projections to be conservative, given the pace and pricing of subdivision activity throughout the market area. In particular, the subject's residential component will, even by 2010, contribute additional higher income households to the market area's demand.

ESRI ranks the market area's amount of spending for products and services relative to national averages in 2005 as high: in most categories about 25% better than the national norm.

The key to a supermarket-anchored shopping center, of course, is the supermarket. Can this market area support an additional supermarket? Of particular interest to our analysis, therefore, are ESRI's estimated household expenditures on "food at home," i.e., food purchased at a supermarket or similar outlet. In 2005, those expenditures totaled $39,223,022—a figure which will expand significantly by 2010. We can estimate the gross square footage of supermarket space which can be supported from that level of spending by dividing spending by the average sales performance of a supermarket. The Urban Land Institute's **Dollars and Cents of Shopping Centers: 2004** publication states that chain supermarkets located in U.S. community shopping centers post sales at a median pace of $390.25 per square foot.

2004 "Food at Home" Spending	$39,223,022
Divided by: Supermarket Sales/Sq.Ft.	$390.25
Supportable Supermarket Space (2005)	100,507 sq.ft.

LF&M, therefore, estimates the amount of supermarket space which is supportable within the market area currently as 100,507 sq.ft. Making allowance for the existing 30,000 sq.ft. Super Fresh supermarket in the Brunswick Shopping Center, an additional 70,507 sq.ft. might be built--even within current spending levels in the market area. These elemental mathematics are designed to gauge the overall capacity of the market, not to offer refined analysis. They do not take into account various factors such as the non-supermarket food retailers in the market, "leakage" of area sales to adjoining market areas, the proportion of non-food sales by supermarkets and numerous other subtle factors. Nonetheless, they make a strong case that not only can the market area support a new supermarket, but also that the existing supermarket can remain successful as it adjusts its marketing strategies to a new entrant to the market.

D. OTHER COMMERCIAL USES

In-Line Retail

A principal purpose of a supermarket in a community shopping center is to generate customer traffic for the shopping center's other retailers. Assuming that a 60,000 sq.ft.+/- supermarket (typical of current retail trends) is built at Brunswick Crossing, LF&M estimates that an additional 30,000-50,000 sq.ft. of in-line retail space can be leased to smaller retailers.

Office Use

The market for office space at the subject site has not yet matured. The Brunswick market does not currently have any high quality office space. As Brunswick Crossing is built out and as the City of Brunswick reinforces its position as the designated Regional Community for Frederick County's Brunswick Region, there will likely develop sufficient residential density to support population-serving professional offices (e.g., medical, legal, accounting, insurance, etc.) at the subject site.

Senior Living

The developer has included in the Brunswick Crossing PUD plans a 100-unit senior assisted living component. Preliminary plans envision individual efficiency-style units with small kitchens, possibly offering meal services in a common dining facility. The property would offer assistance with activities of daily living. LF&M recommends flexibility on the specific segment of the senior living business to be targeted, especially since that business is ever evolving. At this point in time, we view moderate income independent living apartments as the niche most likely to be successful in this location, given the high homeownership rates among Frederick County seniors and the presence

of substantial CCRC (Continuing Care Retirement Community) properties nearby to serve the needs of those more affluent seniors. The assisted living niche is currently overbuilt in many areas nationally. Age-restricted independent living apartments are not present in the Brunswick area and they offer the opportunity to serve seniors with more moderate means who have fewer living alternatives. Proximity of the senior living site to the shopping center is a definite benefit to the residents of the senior housing.

E. SUMMARY

LF&M finds that the commercial/retail market area for Brunswick Crossing contains commercial uses which have been limited in number and quality by the area's historically low population density and moderate household incomes. We also find that consumer demand within the market area is likely to support a new supermarket and related in-line retailers in addition to existing retail uses. The subject's new upscale homeowners will have expanded demand in the area, enabling commercial supply to broaden also.

LF&M finds that the market for other income-producing uses has not yet matured. Nonetheless, as Brunswick Crossing is built out and as the City of Brunswick reinforces its position as the designated Regional Community for Frederick County's Brunswick Region, there will likely develop sufficient residential density to support population-serving professional offices at the subject site. In addition, we recommend the developer have some flexibility on the specific segment of the senior living business to be targeted for the PUD's planned 100-unit age-restricted component, especially since that business is ever evolving. We view moderate income independent living apartments as the niche most likely to be successful in this location, since senior independent living apartments are not present in the Brunswick area and they offer the opportunity to serve seniors with more moderate means who have fewer living alternatives.

VI. SUMMARY & CONCLUSION

Based on our review of available plans and demographic and economic data, Lipman Frizzell & Mitchell has analyzed the market environment for the Brunswick Crossing mixed use development and drawn certain conclusions.

Market Environment

LF&M finds the Brunswick Crossing market environment is exceptionally favorable for residential and commercial development. In particular, we find the following:

- Location - The subject development is well located in the City of Brunswick, with excellent highway and MARC commuter rail access. It is proximate to the Potomac River and is well positioned to participate in the dynamic growth now taking place in the Washington-Baltimore CSA and Frederick County particularly.

- Scale & Quality - The subject will be of sufficient scale and will offer a broad spectrum of for-sale residential product, enabling it to create its own market. The land planning is of high quality and includes many amenities, enhancing the marketability of the community. The mixed use nature of the community, including modern commercial uses in particular, will make it a desirable place to live.

- Special Taxing District - The Special Taxing District method of funding infrastructure improvements has been well accepted in Frederick County and the special taxes levied on the residential properties are not anticipated to be a hindrance to sales.

- Washington Region Economy - The Washington Region leads the country in economic expansion, setting a very positive market environment for Frederick County and the City of Brunswick. Frederick County is one of the fastest growing jurisdictions within the Region. Within this attractive environment, Frederick County has been able to establish itself as a particularly appealing place to live. The area boasts a wonderful, small-town, quasi-rural character and abundant, lower cost housing--particularly in comparison to other Washington D.C. suburbs.

- Brunswick Crossing - The Brunswick Crossing development is consistent with Frederick County and City of Brunswick planning efforts, promoting the growth of the City as the designated Regional Community for the Brunswick Region. The subject will essentially double the size of the City and introduce a significantly greater inventory of higher priced homes than available in recent history. This is possible due to the City's shift to a suburban bedroom community, attributable to the MARC

commuter rail station and the expansion of employment opportunities into Frederick County and neighboring jurisdictions in Virginia.

Residential Uses

The new home market in southern Frederick County continues to thrive despite the rising cost of land and new home product. Despite the fact that southern Frederick County's new home prices have escalated over the past several years, homes in this region remain particularly affordable, especially in relation to new home prices in the Washington, D.C. suburbs of Montgomery County, Maryland and Fairfax County, Virginia.

Based upon recent sales, LF&M has evaluated competitive product and has developed a pricing matrix for new homes within Brunswick Crossing in current dollars. In general, we would expect pricing to be somewhat less than the new home pricing achievable in the Urbana area—but comparable to or somewhat higher than in the nearby single family subdivisions, such as Galyn Manor, Green Hill Manor, Adamstown Commons, among others. This pricing premium can be attributed to the PUD's planned commercial and retail opportunities as well as the community features not available within a residential subdivision. On the other hand, Brunswick Crossing is not as centrally located as Urbana and, as such, pricing will need to take into account its slightly less favored location.

Our proposed pricing per product line and a discussion of the rationale for our conclusions is presented below.

- **Standard Single Family Detached** - This product type assumes five homes per acre and a lot size of roughly 70 ft. in width and up to 310 ft. deep. At the present time, NV Homes is selling traditional homes on one-third acre lots in Adamstown Commons with base prices in the range of $500,000-$700,000 (though two homes settled in 2005 at an average of $768,770). We believe that the homes in Brunswick Crossing can be competitively priced with those in Adamstown Commons despite their smaller lot size, given the community's more attractive setting and amenities. As a result, LF&M judges that these homes will be able to be sold for an average base price of $600,000 ($180 per sq.ft.) in current dollars for a home averaging approximately 3,300 sq.ft.

- **Neo-Traditional Single Family Detached** – According to the development plan for this community, it is anticipated that there will be neo-traditional homes with lot size of 45 – 50 ft. in width and up to 125 ft. deep. This would result in roughly eight single family homes per acre in a TND design format. The base pricing for competitive homes within the southern Frederick market area ranges from a low of $460,000 for Ryan Homes product in Adamstown Commons to $550,000 for NV Homes product in this same community. In addition, we note that pricing of neo-traditional homes in Adamstown Commons is roughly $65,000 - $90,000 less than pricing of standard lot homes. Conservatively, we judge that the neo-traditional

homes in this community could be base priced today at an average of $510,000 ($200 per sq.ft.) for average 2,550 sq.ft. homes on the 45 ft. wide lots and an average of $525,000 ($200 per sq.ft.) for average 2,625 sq.ft. homes located on 50 ft. wide lots.

- **Neo-Traditional Single Family Attached** - The neo-traditional townhome lots are likely to be 24 ft. wide and as much as 140 ft. deep. Overall, we would expect that the overall density for these units will be approximately 18 - 20 units per acre. Given the relatively small size of these lots, the actual achievable pricing depends less on the lot and more on the house design and its features. As a result, it is more difficult to project the achievable pricing for these homes. Conservatively, we would expect that townhomes in this community could be base priced at an average of $375,000 ($180 per sq.ft.) for a 2,100 sq.ft. unit. This is $135,000 less than the proposed pricing for the neo-traditional single family homes in Brunswick Crossing. This pricing is $15,000-$20,000 less than the Ryan Homes townhomes which have just sold out in the Villages of Urbana. This is appropriate given Urbana's superior location with regard to transportation routes.

- **Standard and Neo-Traditional Villas** - While there are likely to be two styles of single-story attached villa homes, the lot frontage for both product types is estimated to be 36 ft. wide with lot depths of up to 125 ft deep. This would yield approximately 12 – 14 units per acre. This product is not currently available in the southern Frederick area. Generally, however, villa units will sell at a premium to townhomes but at a discount to single family detached homes. Given this pricing framework, we judge that the villa units can be base priced at $425,000 ($190 per sq.ft.) for a 2,200 sq.ft. unit. This is $50,000 higher than the townhomes yet $85,000 less than the lowest priced single family detached home in Brunswick Crossing.

The table below illustrates our estimated achievable pricing in current dollars at Brunswick Crossing.

Brunswick Crossing PUD – Achievable Pricing ($2006)			
Unit Type	**Lot Width**	**Units**	**Pricing**
Single Family Detached	70 ft.	422	$600,000
Single Family Detached- NT	50 ft.	184	$525,000
Single Family Detached-NT	45 ft.	440	$510,000
Villa Homes	36 ft.	60	$425,000
Villa Homes-NT	36 ft.	156	$425,000
Townhouses-NT	24 ft.	143	$375,000

Residential Absorption

LF&M finds that the pace of sales in the area has remained strong at typically 2-4 units per month per builder in competitive subdivisions. The spikes in demand seen in other markets during the first three quarters of 2005, for example, were moderated in the Frederick County market by caps on the release of lots imposed by agreement with public authorities. We have seen no evidence of above-normal concessions or other

indicators of over-supply of spec-built homes or subdivision lots in the area. Demand indicators for all future time periods remain exceptionally strong.

Based on the sales pace of subdivisions now selling and assuming that no fewer than three of the above unit types will be marketed at any given time, therefore, LF&M estimates that the subject's overall sales pace can average 13-15 units per month over its ten year development period.

Non-Residential Uses

As regards commercial uses, LF&M finds that the market area contains commercial uses which have been limited in number and quality by the area's historically low population density and moderate household incomes. We also find that consumer demand within the market area is likely to support a new supermarket and related in-line retailers in addition to existing retail uses. The subject's new upscale homeowners will have expanded demand in the area, enabling commercial supply to broaden also.

LF&M also finds that the market for other income-producing uses has yet to mature at this point. Nonetheless, as Brunswick Crossing is built out and as the City of Brunswick reinforces its position as the designated Regional Community for Frederick County's Brunswick Region, there will likely develop sufficient residential density to support population-serving professional offices at the subject site. In addition, we recommend the developer have some flexibility on the specific segment of the senior living business to be targeted for the PUD's planned 100-unit age-restricted component, especially since that business is ever evolving. We view moderate income independent living apartments as the niche most likely to be successful in this location, since senior independent living apartments are not present in the Brunswick area and they offer the opportunity to serve seniors with more moderate means who have fewer living alternatives.

APPENDIX A

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

In conducting the market analysis, Lipman Frizzell & Mitchell LLC has made the following assumptions, except as otherwise noted in our report:

1) There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.

2) No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.

3) The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.

4) The subject project will be served by adequate transportation, utilities and governmental facilities.

5) The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.

6) The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.

7) The subject project will be developed, marketed and operated in a highly professional manner.

8) No projects will be developed which will be in competition with the subject project, except as set forth in our report.

9) There are no existing judgments nor any pending or threatened litigation which could hinder the development, marketing or operation of the subject project.

The market analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1) The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.

2) Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.

3) All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.

4) We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.

5) Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.

6) The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

APPENDIX B

CONSULTANT PROFESSIONAL QUALIFICATIONS

Lipman Frizzell & Mitchell, LLC (LF&M) is a multi-faceted real estate consulting and appraisal firm serving the Mid-Atlantic since 1977. LF&M is the Region's largest real estate advisory firm, with 25 professionals in our Columbia, MD headquarters.

Company Overview

LF&M provides clients with objective advice and practical assistance at every stage of decision-making on the development, use or reuse of all types of real estate. Our clients include corporations, institutions, real estate owners, builders, developers, and government entities. Our professional staff has an exceptional capability to use a vast array of information and resources to assist clients in making sound, timely decisions through the real estate planning, financing and development process.

Eight senior members of the firm hold the MAI designation and other advanced degrees. Professional licenses are held by various members of the firm in Maryland, District of Columbia, Pennsylvania, Delaware and Virginia. Academic degrees and professional designations are combined with hands-on real estate investment, development and ownership expertise--offering our clients many decades of accumulated counseling and valuation experience.

Community Development Consulting

LF&M senior staff has advised state and county economic development and planning agencies, state housing finance agencies, and non-profit groups regarding affordable housing and other community development issues from a variety of perspectives including the following:

- Geographic Focus - Urban, Rural, Inner Suburban Ring, Suburban

- Partnership with Other Intermediary Groups - State Housing Finance Agencies, Non-Profit Community Development Corporations, Public Housing Authorities, Entitlement/Non-Entitlement Jurisdictions, Other State/Federal Agencies

- Strategic Planning - Statewide Housing Needs Assessments; Determine Available Resources: Financial, Talent, Public/Private; Gauge Legislative/Regulatory Environment; Determine Agency Mission and Role

- Advisory Assignments - Project Feasibility, Economic and Demographic Analysis, Program Feasibility and Review, Development Planning and Execution, Fiscal and

Economic Impact Analysis, Annexation and Zoning Analysis, Policy Formulation and Implementation

Joseph M. Cronyn, Principal in Charge

The LF&M principal-in-charge of this assignment has been Joseph Cronyn, Partner. He has over 30 years of real estate development, finance and consulting experience. Cronyn has conducted market analyses for numerous Tax Increment Financing districts in Maryland and West Virginia.

His resume follows.

Qualifications of Consultant
JOSEPH M. CRONYN

Cronyn has 30 years of professional experience in real estate research, sales and marketing, development, public policy, financing and appraisal. His experience includes market and financial feasibility analyses of major real estate projects; land acquisition and marketing for commercial and residential development; planning for mixed use development, including historic preservation concerns; tax-motivated and conventional financing for single family and multifamily residential projects; and advising public, nonprofit and private clients concerning economic and community development strategies.

PROFESSIONAL EXPERIENCE

Lipman Frizzell & Mitchell, LLC, Columbia, MD (2003 - present), *Partner*
(1997 - 2003), *Senior Associate*
Legg Mason Realty Group, Inc., Baltimore, MD (1989-1997), *Vice President*
Financial Associates of Maryland, Baltimore, MD (1987-1989), *Vice President*
Baltimore Federal Financial, F.S.A., Baltimore, MD (1982-1987), *Sr. Vice President*
Neighborhood Reinvestment Corporation, Washington, DC (1978-1982), *Asst. Director*
Baltimore Federal Savings & Loan, Baltimore, MD (1976-1978), Mortgage Underwriter

EDUCATION

Master of Business Administration, Loyola College, Executive Program, 1986
Bachelor's Degree, English & Philosophy, Boston College, 1969

AFFILIATIONS

Neighborhood Housing Services of Baltimore, Chairman of the Board emeritus
Citizens Planning and Housing Association, Member
National Trust for Historic Preservation, Member
Maryland Economic Development Association (MEDA), Member
Lambda Alpha International Land Economics Society, Baltimore Chapter, Board of Directors

PROFESSIONAL LICENSES

State of Maryland Real Estate Agent's License

QUALIFIED AS EXPERT WITNESS

Before public administrative bodies, zoning hearing examiners and/or boards of appeals in Maryland: Anne Arundel County, Baltimore County, Carroll County, Charles County, Frederick County, Harford County, Howard County, Prince George's County

APPENDIX C
RESIDENTIAL SALES
COMPETITIVE SUBDIVISIONS

Appendix C-1
Galyn Manor Subdivision
Pulte Homes - Single Family Homes
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
10	EVAN	10,644	3,136	20050831	$362,970	$322,380	88.8%
11	EVAN	11,619	3,136	20050401	$417,180	$373,170	89.5%
12	EVAN	10,542	2,976	20050525	$378,840	$322,990	85.3%
13	EVAN	12,446	3,416	20050113	$411,980	$394,070	95.7%
14	EVAN	10,228	3,344	20050614	$415,945	$381,190	91.6%
1	GALYN	19,122	3,264	20050113	$416,495	$388,860	93.4%
3	GALYN	15,985	2,588	20050113	$350,975	$293,940	83.7%
5	GALYN	12,494	3,270	20050613	$470,115	$383,400	81.6%
110	GALYN	14,476	2,798	20050621	$476,085	$310,850	65.3%
202	GALYN	7,651	2,638	20051229	$480,050	$312,630	65.1%
2	JEFFREY	12,205	3,108	20050624	$508,890	$355,940	69.9%
6	JEFFREY	8,800	2,786	20050712	$506,805	$308,440	60.9%
7	JEFFREY	12,063		20050824	$454,075	$285,760	62.9%
8	JEFFREY	10,686	3,432	20050721	$543,475	$387,960	71.4%
9	JEFFREY	10,750		20050831	$539,260	$381,060	70.7%
10	JEFFREY	8,350	3,252	20050819	$527,225	$372,560	70.7%
14	JEFFREY	8,514		20050831	$494,145	$303,470	61.4%
16	JEFFREY	8,305		20050824	$524,835	$335,510	63.9%
17	JEFFREY	9,839		20050824	$489,570	$341,220	69.7%
18	JEFFREY	8,374		20051026	$539,170	$332,770	61.7%
19	JEFFREY	9,402		20051026	$527,530	$390,220	74.0%
20	JEFFREY	8,616		20051026	$595,695	$393,940	66.1%
21	JEFFREY	9,226		20051026	$461,270	$331,000	71.8%
22	JEFFREY	7,761		20051026	$449,350	$303,290	67.5%
24	JEFFREY	8,246		20051117	$592,185	$394,760	66.7%
25	JEFFREY	8,400	2,858	20051222	$516,765	$347,340	67.2%
26	JEFFREY	8,314		20051028	$551,825	$395,590	71.7%
27	JEFFREY	8,400		20051202	$485,325	$337,720	69.6%
31	JEFFREY	9,177	3,486	20051229	$557,010	$379,730	68.2%
33	JEFFREY	10,900		20051202	$501,260	$359,700	71.8%
35	JEFFREY	13,848	3,608	20051219	$590,250	$396,300	67.1%
4	RICK MICHAEL WAY EAST	11,627		20050831	$592,325	$383,320	64.7%
8	RICK MICHAEL WAY EAST	13,610	3,228	20050603	$453,525	$339,770	74.9%
Average:		**10,625**	**3,129**		**$490,376**	**$352,753**	**71.9%**
Median:		**10,228**	**3,182**		**$494,145**	**$355,940**	**72.0%**

Appendix C-2
Galyn Manor Subdivision
Ryan - Single Family Homes
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
12	BRAD ALAN	9,628		20050211	$397,445	$300,240	75.5%
14	BRAD ALAN	8,967		20050211	$379,825	$323,280	85.1%
22	BRAD ALAN	11,822	3,636	20050211	$510,425	$366,190	71.7%
103	GALYN	7,589	2,908	20050603	$451,348	$367,760	81.5%
105	GALYN	7,418	2,804	20050603	$420,215	$313,860	74.7%
107	GALYN	7,385	2,626	20050621	$435,190	$310,210	71.3%
109	GALYN	9,793		20050726	$523,551	$404,430	77.2%
111	GALYN	9,556		20051011	$564,113	$373,670	66.2%
112	GALYN	9,286		20050823	$546,325	$416,830	76.3%
113	GALYN	8,014		20051130	$577,135	$371,410	64.4%
114	GALYN	8,532		20050831	$512,490	$374,730	73.1%
115	GALYN	7,801		20050823	$442,200	$341,280	77.2%
116	GALYN	8,532		20051005	$562,625	$399,620	71.0%
117	GALYN	7,773	2,715	20050920	$529,440	$383,050	72.4%
118	GALYN	9,274		20050722	$462,165	$334,150	72.3%
119	GALYN	7,745		20050823	$431,950	$328,440	76.0%
120	GALYN	12,389		20050823	$508,925	$371,510	73.0%
22	JENNIFER LYNNE	8,398	2,826	20051214	$515,981	$349,870	67.8%
24	JENNIFER LYNNE	8,067	3,036	20051214	$508,981	$358,870	70.5%
25	JENNIFER LYNNE	9,016		20051202	$612,361	$390,720	63.8%
27	JENNIFER LYNNE	9,705		20051202	$643,750	$449,630	69.8%
28	JENNIFER LYNNE	9,570	3,284	20051221	$506,230	$369,000	72.9%
30	JENNIFER LYNNE	8,833	3,132	20051229	$499,650	$369,100	73.9%
1	RICK MICHAEL WAY EAST	8,514		20051014	$470,395	$322,850	68.6%
3	RICK MICHAEL WAY EAST	8,453		20051107	$483,225	$350,500	72.5%
5	RICK MICHAEL WAY EAST	8,853		20051011	$456,530	$311,390	68.2%
7	RICK MICHAEL WAY EAST	9,390		20051103	$567,259	$367,590	64.8%
9	RICK MICHAEL WAY EAST	12,113		20050823	$498,750	$379,670	76.1%
2	RICK MICHAEL WAY WEST	10,866		20050826	$568,808	$403,810	71.0%
Average:		**9,079**	**2,996**		**$503,010**	**$362,195**	**72.0%**
Median:		**8,853**	**2,908**		**$508,925**	**$367,760**	

Appendix C-3
Green Hill Manor
Drees- Single Family Homes
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
5637	DENFIELD *	18,066	2,896	20050211	$510,000	$390,120	76.5%
5640	DENFIELD *	15,000	2,846	20050629	$569,000	$401,210	70.5%
5647	DENFIELD *	26,331	3,782	20050317	$568,888	$478,140	84.0%
5604	HADDINGTON *	15,433	2,840	20051229	$555,000	$382,260	68.9%
5626	HADDINGTON *	15,084	2,888	20050517	$545,000	$394,120	72.3%
2622	INWOOD	15,601		20051025	$673,978	$464,040	68.9%
2626	INWOOD	15,265		20051114	$343,960	$440,990	128.2%
2632	INWOOD	15,335		20051109	$627,975	$414,520	66.0%
2634	INWOOD	15,141		20051013	$580,075	$411,820	71.0%
2637	INWOOD	16,312	3,332	20050812	$659,250	$452,610	68.7%
2639	INWOOD	15,048	3,174	20050801	$612,850	$416,530	68.0%
2640	INWOOD	23,416	3,836	20050629	$696,350	$469,110	67.4%
2641	INWOOD	15,065	2,496	20050715	$534,075	$373,670	70.0%
2642	INWOOD	18,671	3,174	20050614	$521,765	$415,280	79.6%
2643	INWOOD	15,055		20050826	$598,025	$462,590	77.4%
2701	LONGFIELD	22,683	3,269	20050715	$569,335	$430,170	75.6%
2702	LONGFIELD	26,650	3,648	20050609	$578,505	$471,040	81.4%
2703	LONGFIELD	15,915		20050509	$554,330	$419,890	75.7%
2704	LONGFIELD	20,206		20050428	$524,830	$424,740	80.9%
2705	LONGFIELD	7,436		20050422	$466,850	$385,840	82.6%
2706	LONGFIELD	17,909	3,635	20050722	$693,405	$470,750	67.9%
2707	LONGFIELD	15,011	3,376	20050527	$560,175	$415,580	74.2%
2708	LONGFIELD	16,750		20050418	$524,590	$396,490	75.6%
2709	LONGFIELD	15,534	3,268	20050520	$617,655	$410,160	66.4%
2710	LONGFIELD	18,604		20050503	$518,550	$439,640	84.8%
2711	LONGFIELD	25,941	3,412	20050621	$641,010	$438,150	68.4%
2712	LONGFIELD	38,070		20050422	$538,875	$420,930	78.1%
2714	LONGFIELD	22,347		20050505	$577,715	$435,570	75.4%
5730	MORLAND	22,322	3,706	20051222	$707,945	$474,820	67.1%
5732	MORLAND	18,526		20051129	$665,905	$448,060	67.3%
5734	MORLAND	15,040		20051028	$586,800	$380,940	64.9%
5736	MORLAND	15,040		20051121	$644,825	$442,510	68.6%
5739	MORLAND	18,488		20051110	$576,300	$339,460	58.9%
5780	MORLAND DRIVE NORTH *	15,347	2,182	20051102	$575,000	$344,930	60.0%
5743	MORLAND DRIVE SOUTH *	15,040	3,362	20050822	$568,000	$392,780	69.2%
5745	MORLAND DRIVE SOUTH *	15,040	2,070	20050428	$475,000	$315,830	66.5%
5701	NOTTINGHAM	23,133	3,884	20050629	$643,145	$538,880	83.8%
5703	NOTTINGHAM	18,866		20050825	$622,300	$438,590	70.5%
5704	NOTTINGHAM	18,992	3,038	20050805	$585,800	$436,780	74.6%
5705	NOTTINGHAM	17,896		20050811	$602,050	$445,620	74.0%
5706	NOTTINGHAM	17,595	3,310	20050822	$652,225	$425,450	65.2%
5707	NOTTINGHAM	18,628	3,038	20050811	$616,875	$402,550	65.3%
5708	NOTTINGHAM	16,144		20050831	$604,550	$407,360	67.4%
5709	NOTTINGHAM	17,522	3,142	20050722	$568,376	$424,840	74.7%
5711	NOTTINGHAM	17,522	3,128	20050801	$543,950	$445,440	81.9%
5713	NOTTINGHAM	17,522	3,038	20050722	$602,565	$400,370	66.4%
5714	NOTTINGHAM	15,421	3,050	20050715	$552,025	$395,480	71.6%
5715	NOTTINGHAM	17,522	3,466	20050815	$621,705	$441,930	71.1%
5717	NOTTINGHAM	17,521	2,960	20050715	$598,740	$439,420	73.4%
5719	NOTTINGHAM	17,427	3,142	20050801	$620,145	$456,240	73.6%
5720	NOTTINGHAM	30,416		20050902	$628,375	$432,660	68.9%
5721	NOTTINGHAM	22,089		20051007	$734,300	$520,970	70.9%
5870	UNION RIDGE *	25,935	1,921	20051014	$520,000	$311,960	60.0%
5884	UNION RIDGE *	15,336	2,416	20050628	$499,000	$346,330	69.4%
5898	UNION RIDGE *	16,958	3,393	20050825	$620,000	$429,070	69.2%
Average:		**18,458**	**3,121**		**$585,417**	**$421,913**	**72.1%**
Median:		**17,522**	**3,158**		**$580,075**	**$424,840**	

* Re-sales, not builder sales.

Appendix C-4
Adamstown Commons
NVR- Single Family Homes
2005 Settlements

Address		Lot Size	Home Size	Settled	Price	Assessment	Ratio
2601	MAE WADE	14,738	4,036	20051229	$775,485	$579,670	74.7%
2611	MAE WADE	9,333	4,326	20051229	$762,055	$549,130	72.1%
Average:		**12,036**	**4,181**		**$768,770**	**$564,400**	**73.4%**

Appendix C-5
Urbana Highlands
Advantage Homes - Single Family Homes
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
3852	BRAVEHEART	4,200	2,652	20050131	$568,551	$405,720	71.4%
3854	BRAVEHEART	4,200	2,868	20050217	$561,471	$408,110	72.7%
3856	BRAVEHEART	4,200	2,868	20050321	$540,385	$409,400	75.8%
3858	BRAVEHEART	4,200	2,416	20050321	$450,175	$381,280	84.7%
3860	BRAVEHEART	5,066	2,652	20050418	$569,814	$407,370	71.5%
3879	BRAVEHEART	6,690		20050418	$554,873	$406,740	73.3%
3881	BRAVEHEART	5,632	2,858	20050629	$574,900	$417,360	72.6%
3883	BRAVEHEART	5,555		20050921	$559,758	$425,290	76.0%
3900	BRAVEHEART	7,006		20050418	$666,402	$426,910	64.1%
3902	BRAVEHEART	4,746	3,004	20050708	$615,547	$427,790	69.5%
3904	BRAVEHEART	4,875	2,720	20050708	$600,200	$418,430	69.7%
3906	BRAVEHEART	5,098		20050914	$611,704	$425,240	69.5%
3908	BRAVEHEART	5,194		20051102	$660,987	$423,930	64.1%
3910	BRAVEHEART	5,234		20051130	$593,383	$409,430	69.0%
3912	BRAVEHEART	5,294	2,996	20051207	$623,265	$425,260	68.2%
3917	BRAVEHEART	4,200		20050418	$540,136	$403,950	74.8%
3921	BRAVEHEART	4,200		20050503	$520,497	$399,440	76.7%
3923	BRAVEHEART	4,192		20050505	$570,410	$423,730	74.3%
3925	BRAVEHEART	4,529	2,640	20050531	$543,704	$401,400	73.8%
3927	BRAVEHEART	4,905	3,028	20050531	$597,833	$429,100	71.8%
3929	BRAVEHEART	6,075	2,716	20050603	$581,082	$412,600	71.0%
3931	BRAVEHEART	6,420	2,720	20051228	$602,082	$418,500	69.5%
3933	BRAVEHEART	5,428	2,972	20051221	$630,163	$423,960	67.3%
3935	BRAVEHEART	5,125		20051123	$619,462	$425,170	68.6%
3937	BRAVEHEART	5,028		20051116	$644,907	$425,240	65.9%
3939	BRAVEHEART	5,022		20051014	$611,327	$423,920	69.3%
3941	BRAVEHEART	4,752		20050930	$546,129	$402,410	73.7%
3945	BRAVEHEART	4,704		20050831	$642,501	$425,240	66.2%
3947	BRAVEHEART	4,704		20050819	$577,441	$416,540	72.1%
3949	BRAVEHEART	4,704		20050728	$578,935	$423,920	73.2%
3951	BRAVEHEART	5,694		20050802	$609,965	$415,440	68.1%
Average:		**5,060**	**2,794**		**$586,064**	**$415,768**	**70.9%**
Median:		**5,022**	**2,789**		**$581,082**	**$418,430**	

Appendix C-6
Villages of Urbana
Classic Community Corporation
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
3902	ADDISON WOODS	4,920	2,832	20050301	$550,000	$425,320	77.3%
3916	ADDISON WOODS	4,920	2,832	20050525	$590,300	$406,460	68.9%
3920	ADDISON WOODS	6,022		20050408	$574,370	$454,510	79.1%
3922	ADDISON WOODS	4,715	2,928	20050128	$541,100	$431,230	79.7%
3938	ADDISON WOODS	6,343	2,832	20050111	$597,830	$414,770	69.4%
3940	ADDISON WOODS	7,053	2,848	20051214	$619,795	$435,710	70.3%
3942	ADDISON WOODS	7,428	2,892	20051214	$587,605	$427,160	72.7%
3944	ADDISON WOODS	7,312	2,820	20051208	$613,320	$415,480	67.7%
3946	ADDISON WOODS	6,610		20051013	$654,853	$426,350	65.1%
3948	ADDISON WOODS	6,759		20051128	$599,790	$416,020	69.4%
9416	CARRIAGE HILL	7,348		20051013	$604,925	$416,430	68.8%
9110	CHARTERHOUSE	12,536	3,644	20050525	$680,820	$507,580	74.6%
9112	CHARTERHOUSE	10,787	3,678	20050728	$715,000	$541,390	75.7%
9114	CHARTERHOUSE	10,854	3,678	20050110	$719,360	$509,890	70.9%
9116	CHARTERHOUSE	10,771	4,858	20050525	$739,060	$586,210	79.3%
9118	CHARTERHOUSE	13,164	3,628	20050728	$700,000	$503,720	72.0%
9401	CORNWELL MEADOW	6,612		20051205	$614,350	$414,790	67.5%
9403	CORNWELL MEADOW	5,125	2,820	20051227	$621,780	$407,870	65.6%
9425	CORNWELL MEADOW	6,561	2,892	20051214	$659,730	$416,620	63.2%
9433	DUNRAVEN	7,675		20050809	$575,290	$407,040	70.8%
9447	DUNRAVEN	7,675		20050928	$592,730	$414,890	70.0%
9449	DUNRAVEN	7,875		20051102	$624,610	$414,910	66.4%
9463	DUNRAVEN	7,665		20050929	$589,045	$414,890	70.4%
9312	ELGIN	9,183	3,508	20050509	$620,000	$491,360	79.3%
9401	PENROSE	8,751		20050929	$619,130	$434,180	70.1%
9417	PENROSE	8,852		20050908	$570,530	$416,580	73.0%
3907	SHAWFIELD	6,573	2,832	20050616	$567,495	$412,560	72.7%
3909	SHAWFIELD	6,039		20050907	$612,933	$409,340	66.8%
3911	SHAWFIELD	5,651	2,880	20051212	$574,485	$409,160	71.2%
3913	SHAWFIELD	5,472		20050907	$573,310	$405,070	70.7%
3916	SHAWFIELD	6,298	2,832	20050728	$564,180	$415,230	73.6%
3854	SUGARLOAF	6,346	2,832	20050209	$695,500	$451,650	64.9%
9105	WHITMORE	8,813		20050809	$690,390	$503,420	72.9%
9109	WHITMORE	8,256	3,664	20050525	$681,010	$508,090	74.6%
9111	WHITMORE	15,154	3,682	20050202	$745,000	$516,100	69.3%
Average:		**7,775**	**3,210**		**$625,132**	**$445,199**	**71.2%**
Median:		**7,312**	**2,892**		**$613,320**	**$416,620**	

Appendix C-7
Villages at Foxfield
Admar Homes
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
4	KELLER	4,237	1,968	20050817	$378,000	$387,620	102.5%
5	KELLER	4,498		20050908	$429,750	$433,380	100.8%
12	KELLER	9,916	1,877	20051102	$489,900	$415,490	84.8%
2	LAMAR	4,728	2,002	20051122	$432,959	$381,810	88.2%
2	RHODERICK	4,169	1,929	20051121	$437,541	$382,960	87.5%
1	SARA	4,868	2,308	20051229	$449,416	$404,790	90.1%
5	SARA	9,612	2,622	20051228	$592,422	$437,050	73.8%
6	SARA	5,252	1,880	20050207	$399,749	$390,520	97.7%
Average:		**5,910**	**2,084**		**$451,217**	**$404,203**	**89.6%**
Median:		**4,798**	**1,968**		**$435,250**	**$397,655**	

Appendix C-8
Galyn Manor
Ryan Homes - Townhouses
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
104	FIONA *	2,400	1,760	20051007	$307,900	$214,770	69.8%
105	FIONA *	2,400	1,772	20050620	$306,900	$222,430	72.5%
108	FIONA *	2,400	1,760	20050418	$287,000	$218,100	76.0%
109	FIONA	2,400	1,772	20050310	$272,320	$222,430	81.7%
121	FIONA *	2,400	1,760	20050504	$305,000	$221,200	72.5%
124	FIONA *	2,400	1,774	20050531	$306,000	$219,580	71.8%
129	FIONA	2,400	1,760	20050211	$272,020	$221,470	81.4%
131	FIONA	2,400	1,776	20050314	$278,025	$219,780	79.1%
137	FIONA	2,400		20050510	$314,233	$232,680	74.0%
139	FIONA	2,400	1,760	20050609	$269,621	$227,600	84.4%
141	FIONA	2,400		20050310	$297,295	$222,650	74.9%
143	FIONA	2,400		20050211	$265,785	$218,130	82.1%
145	FIONA	2,400		20050211	$299,995	$232,950	77.7%
167	FIONA *	2,400	1,760	20050620	$305,000	$219,660	72.0%
167	FIONA *	2,400	1,760	20050620	$305,000	$219,660	72.0%
185	FIONA *	2,400	1,584	20050603	$305,000	$211,430	69.3%
Average:		**2,400**	**1,750**		**$293,568**	**$221,533**	**75.5%**
Median:		**2,400**	**1,760**		**$302,498**	**$220,490**	

Appendix C-9
Villages of Urbana
NV Homes - Townhouses
2005 Settlements

	Address	Lot Size	Home Size	Settled	Price	Assessment	Ratio
9311	PENROSE	2,400	2,748	20051222	$453,265	$317,590	70.1%
9351	PENROSE	2,159	2,668	20051228	$416,640	$302,060	72.5%
9377	PENROSE	4,079	2,762	20050726	$457,555	$336,430	73.5%
9379	PENROSE	2,779	2,748	20050729	$429,540	$317,590	73.9%
9381	PENROSE	2,847	2,748	20050804	$423,790	$317,590	74.9%
9383	PENROSE	2,795	2,748	20050729	$427,130	$319,890	74.9%
9385	PENROSE	2,749	2,748	20050726	$415,195	$317,590	76.5%
9387	PENROSE	4,058	2,762	20050726	$443,490	$349,900	78.9%
9389	PENROSE	3,999	2,762	20050624	$478,430	$347,550	72.6%
9391	PENROSE	2,660	2,748	20050609	$413,168	$317,590	76.9%
9393	PENROSE	2,660	2,748	20050729	$426,515	$319,890	75.0%
9395	PENROSE	2,660	2,748	20050621	$419,465	$317,590	75.7%
9397	PENROSE	2,660	2,748	20050609	$433,881	$317,590	73.2%
9399	PENROSE	3,978	2,762	20050609	$496,870	$345,840	69.6%
Average:		**3,035**	**2,746**		**$438,210**	**$324,621**	**74.1%**
Median:		**2,764**	**2,748**		**$428,335**	**$317,590**	

Appendix C-10
Villages of Urbana
Ryan Homes - Townhouses
2005 Settlements

Address		Lot Size	Home Size	Settled	Price	Assessment	Ratio
9370	PENROSE	2,200	1,760	20050603	$348,175	$267,330	76.8%
9372	PENROSE	2,200	1,772	20051028	$365,100	$267,250	73.2%
9374	PENROSE	2,200	1,760	20050616	$346,500	$269,380	77.7%
9376	PENROSE	3,284	1,772	20050614	$360,400	$288,300	80.0%
9378	PENROSE	3,300	1,772	20051014	$367,165	$288,300	78.5%
9380	PENROSE	2,200	1,760	20050621	$343,150	$265,580	77.4%
9382	PENROSE	2,200	1,776	20050616	$361,345	$269,560	74.6%
9384	PENROSE	2,200	1,760	20051028	$354,195	$269,380	76.1%
9386	PENROSE	2,200	1,772	20050621	$364,938	$275,010	75.4%
9388	PENROSE	3,300	1,772	20050614	$379,540	$292,320	77.0%
9392	PENROSE	2,200	1,760	20050624	$346,200	$269,380	77.8%
9396	PENROSE	2,200	1,760	20050516	$349,710	$271,870	77.7%
9398	PENROSE	3,300	1,784	20050614	$434,900	$294,620	67.7%
Average:		**2,537**	**1,768**		**$363,178**	**$276,022**	**76.0%**
Median:		**2,200**	**1,772**		**$360,400**	**$269,560**	

APPENDIX E

PROJECTIONS OF SPECIAL TAXES

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$36,310,000
Mayor and Council of Brunswick
(City of Brunswick, Maryland)
Special Obligation Bonds
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

Projected Special Taxes and Debt Service Coverage

$36,310,000
Mayor and Council of Brunswick
(City of Brunswick, Maryland)
Special Obligation Bonds
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

Schedule I: Projected Net Annual Debt Service

Bond Year Ending	Principal	Interest	Gross Annual Debt Service	Capitalized Interest	Reserve Fund Income	Trustee and Administration	Net Annual Debt Service
	(a)	(a)	(b)	(a)	(a)	(c)	(d)
1-Jul-07	$0	$1,547,714	$1,547,714	($1,547,714)	$0	$0	$0
1-Jul-08	$0	$1,997,050	$1,997,050	($1,997,050)	$0	$0	$0
1-Jul-09	$0	$1,997,050	$1,997,050	($1,997,050)	$0	$0	$0
1-Jul-10	$129,000	$1,997,050	$2,126,050		($169,342)	$42,448	$1,999,156
1-Jul-11	$178,000	$1,989,955	$2,167,955		($169,342)	$43,297	$2,041,910
1-Jul-12	$231,000	$1,980,165	$2,211,165		($169,342)	$44,163	$2,085,986
1-Jul-13	$288,000	$1,967,460	$2,255,460		($169,342)	$45,046	$2,131,164
1-Jul-14	$349,000	$1,951,620	$2,300,620		($169,342)	$45,947	$2,177,225
1-Jul-15	$415,000	$1,932,425	$2,347,425		($169,342)	$46,866	$2,224,949
1-Jul-16	$484,000	$1,909,600	$2,393,600		($169,342)	$47,804	$2,272,062
1-Jul-17	$559,000	$1,882,980	$2,441,980		($169,342)	$48,760	$2,321,398
1-Jul-18	$638,000	$1,852,235	$2,490,235		($169,342)	$49,735	$2,370,628
1-Jul-19	$723,000	$1,817,145	$2,540,145		($169,342)	$50,730	$2,421,533
1-Jul-20	$814,000	$1,777,380	$2,591,380		($169,342)	$51,744	$2,473,782
1-Jul-21	$911,000	$1,732,610	$2,643,610		($169,342)	$52,779	$2,527,047
1-Jul-22	$1,013,000	$1,682,505	$2,695,505		($169,342)	$53,835	$2,579,998
1-Jul-23	$1,123,000	$1,626,790	$2,749,790		($169,342)	$54,911	$2,635,359
1-Jul-24	$1,240,000	$1,565,025	$2,805,025		($169,342)	$56,010	$2,691,692
1-Jul-25	$1,364,000	$1,496,825	$2,860,825		($169,342)	$57,130	$2,748,613
1-Jul-26	$1,496,000	$1,421,805	$2,917,805		($169,342)	$58,272	$2,806,735
1-Jul-27	$1,637,000	$1,339,525	$2,976,525		($169,342)	$59,438	$2,866,621
1-Jul-28	$1,787,000	$1,249,490	$3,036,490		($169,342)	$60,627	$2,927,774
1-Jul-29	$1,946,000	$1,151,205	$3,097,205		($169,342)	$61,839	$2,989,702
1-Jul-30	$2,115,000	$1,044,175	$3,159,175		($169,342)	$63,076	$3,052,909
1-Jul-31	$2,294,000	$927,850	$3,221,850		($169,342)	$64,337	$3,116,845
1-Jul-32	$2,485,000	$801,680	$3,286,680		($169,342)	$65,624	$3,182,962
1-Jul-33	$2,687,000	$665,005	$3,352,005		($169,342)	$66,937	$3,249,600
1-Jul-34	$2,902,000	$517,220	$3,419,220		($169,342)	$68,275	$3,318,153
1-Jul-35	$3,130,000	$357,610	$3,487,610		($169,342)	$69,641	$3,387,909
1-Jul-36	$3,372,000	$185,460	$3,557,460		($169,342)	$71,034	$3,459,152
Total	$36,310,000	$44,364,609	$80,674,609	($5,541,814)	($4,572,238)	$1,500,307	$72,060,864

(a) Principal, interest, and capitalized interest are based on estimates. Capitalized interest and reserve fund earnings applied to debt service include investment income and are dependent on investment rates (4.50% and 5.00%, respectively), which may be different than assumed herein.

(b) Gross debt service equals principal plus interest. The interest rate on the 2006 Bonds for purposes of these projections is 5.50%.

(c) Trustee and administration expenses are estimated and assumed to increase by two percent per year. Actual expenses may be different than estimated.

(d) Net annual debt service equals gross debt service plus capitalized interest, reserve fund income, and trustee and administration.

$36,310,000
Mayor and Council of Brunswick
(City of Brunswick, Maryland)
Special Obligation Bonds
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

Schedule II: Projected Maximum Special Taxes

		Large Single Family (SF - 70')			Small Single Family (SF - 45' and SF -50')			Single Family Attached (Duplex and Town Homes)			Assisted Living			Commercial			
Bond Year Ending	Taxes Due	Number Of Units	Maximum Special Tax Per Unit	Total Maximum Special Taxes	Number Of Units	Maximum Special Tax Per Unit	Total Maximum Special Taxes	Number Of Units	Maximum Special Tax Per Unit	Total Maximum Special Taxes	Number Of Units	Maximum Special Tax Per Unit	Total Maximum Special Taxes	1,000's SF	Maximum Special Tax Per Unit	Total Maximum Special Taxes	Total Maximum Special Taxes
	(a)	(b)	(c)	(d)	(b)	(c)	(d)	(b)	(c)	(d)	(b)	(c)	(d)	(b)	(c)	(d)	(e)
1-Jul-07	31-Dec-06	422	$1,350	$569,700	624	$1,238	$772,512	359	$1,002	$359,718	100	$783	$78,300	389	$882	$343,098	$2,123,328
1-Jul-08	31-Dec-07	422	$1,377	$581,094	624	$1,263	$787,962	359	$1,022	$366,912	100	$799	$79,866	389	$900	$349,960	$2,165,795
1-Jul-09	31-Dec-08	422	$1,405	$592,716	624	$1,288	$803,721	359	$1,042	$374,251	100	$815	$81,463	389	$918	$356,959	$2,209,110
1-Jul-10	31-Dec-09	422	$1,433	$604,570	624	$1,314	$819,796	359	$1,063	$381,736	100	$831	$83,093	389	$936	$364,098	$2,253,293
1-Jul-11	31-Dec-10	422	$1,461	$616,662	624	$1,340	$836,192	359	$1,085	$389,370	100	$848	$84,754	389	$955	$371,380	$2,298,359
1-Jul-12	31-Dec-11	422	$1,491	$628,995	624	$1,367	$852,916	359	$1,106	$397,158	100	$864	$86,450	389	$974	$378,808	$2,344,326
1-Jul-13	31-Dec-12	422	$1,520	$641,575	624	$1,394	$869,974	359	$1,128	$405,101	100	$882	$88,179	389	$993	$386,384	$2,391,212
1-Jul-14	31-Dec-13	422	$1,551	$654,406	624	$1,422	$887,373	359	$1,151	$413,203	100	$899	$89,942	389	$1,013	$394,112	$2,439,036
1-Jul-15	31-Dec-14	422	$1,582	$667,494	624	$1,451	$905,121	359	$1,174	$421,467	100	$917	$91,741	389	$1,033	$401,994	$2,487,817
1-Jul-16	31-Dec-15	422	$1,613	$680,844	624	$1,480	$923,223	359	$1,197	$429,896	100	$936	$93,576	389	$1,054	$410,034	$2,537,574
1-Jul-17	31-Dec-16	422	$1,646	$694,461	624	$1,509	$941,688	359	$1,221	$438,494	100	$954	$95,447	389	$1,075	$418,235	$2,588,325
1-Jul-18	31-Dec-17	422	$1,679	$708,350	624	$1,539	$960,522	359	$1,246	$447,264	100	$974	$97,356	389	$1,097	$426,599	$2,640,091
1-Jul-19	31-Dec-18	422	$1,712	$722,517	624	$1,570	$979,732	359	$1,271	$456,209	100	$993	$99,303	389	$1,119	$435,131	$2,692,893
1-Jul-20	31-Dec-19	422	$1,746	$736,968	624	$1,601	$999,327	359	$1,296	$465,334	100	$1,013	$101,289	389	$1,141	$443,834	$2,746,751
1-Jul-21	31-Dec-20	422	$1,781	$751,707	624	$1,634	$1,019,313	359	$1,322	$474,640	100	$1,033	$103,315	389	$1,164	$452,711	$2,801,686
1-Jul-22	31-Dec-21	422	$1,817	$766,741	624	$1,666	$1,039,699	359	$1,349	$484,133	100	$1,054	$105,381	389	$1,187	$461,765	$2,857,720
1-Jul-23	31-Dec-22	422	$1,853	$782,076	624	$1,700	$1,060,493	359	$1,376	$493,816	100	$1,075	$107,489	389	$1,211	$471,000	$2,914,874
1-Jul-24	31-Dec-23	422	$1,890	$797,718	624	$1,733	$1,081,703	359	$1,403	$503,692	100	$1,096	$109,639	389	$1,235	$480,420	$2,973,172
1-Jul-25	31-Dec-24	422	$1,928	$813,672	624	$1,768	$1,103,337	359	$1,431	$513,766	100	$1,118	$111,832	389	$1,260	$490,028	$3,032,635
1-Jul-26	31-Dec-25	422	$1,967	$829,945	624	$1,804	$1,125,404	359	$1,460	$524,041	100	$1,141	$114,068	389	$1,285	$499,829	$3,093,288
1-Jul-27	31-Dec-26	422	$2,006	$846,544	624	$1,840	$1,147,912	359	$1,489	$534,522	100	$1,163	$116,350	389	$1,311	$509,826	$3,155,154
1-Jul-28	31-Dec-27	422	$2,046	$863,475	624	$1,876	$1,170,870	359	$1,519	$545,212	100	$1,187	$118,677	389	$1,337	$520,022	$3,218,257
1-Jul-29	31-Dec-28	422	$2,087	$880,745	624	$1,914	$1,194,288	359	$1,549	$556,117	100	$1,211	$121,050	389	$1,364	$530,423	$3,282,622
1-Jul-30	31-Dec-29	422	$2,129	$898,360	624	$1,952	$1,218,174	359	$1,580	$567,239	100	$1,235	$123,471	389	$1,391	$541,031	$3,348,274
1-Jul-31	31-Dec-30	422	$2,171	$916,327	624	$1,991	$1,242,537	359	$1,612	$578,584	100	$1,259	$125,941	389	$1,419	$551,852	$3,415,240
1-Jul-32	31-Dec-31	422	$2,215	$934,653	624	$2,031	$1,267,388	359	$1,644	$590,156	100	$1,285	$128,459	389	$1,447	$562,889	$3,483,545
1-Jul-33	31-Dec-32	422	$2,259	$953,346	624	$2,072	$1,292,736	359	$1,677	$601,959	100	$1,310	$131,029	389	$1,476	$574,146	$3,553,216
1-Jul-34	31-Dec-33	422	$2,304	$972,413	624	$2,113	$1,318,590	359	$1,710	$613,998	100	$1,336	$133,649	389	$1,505	$585,629	$3,624,280
1-Jul-35	31-Dec-34	422	$2,350	$991,861	624	$2,155	$1,344,962	359	$1,745	$626,278	100	$1,363	$136,322	389	$1,536	$597,342	$3,696,765
1-Jul-36	31-Dec-35	422	$2,397	$1,011,699	624	$2,198	$1,371,861	359	$1,779	$638,803	100	$1,390	$139,049	389	$1,566	$609,289	$3,770,701
Totals			$54,767	$23,111,635		$50,223	$31,339,328		$40,649	$14,593,068		$31,765	$3,176,481		$35,781	$13,918,827	$86,139,338

(a) Real property taxes in Frederick County may be paid without penalty in two installments, which are payable on September 30 and December 31, respectively.
(b) Number of units for each property type is provided by the Developer.
(c) Maximum special tax per unit are based on the Rate and Method of Apportionment of Special Taxes. Maximum special taxes increase by 2% each year. Special taxes have been levied for 2006 but will not be collected.
(d) Total maximum special taxes for each property type equal number of units times maximum special tax per unit.
(e) Total maximum special taxes equal sum of maximum special taxes for each property type.

$36,310,000
Mayor and Council of Brunswick
(City of Brunswick, Maryland)
Special Obligation Bonds
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

Schedule III: Projected Debt Service Coverage

Bond Year Ending	Tax Year Beginning	Gross Annual Debt Service	District Operations	Total Annual Obligations	Maximum Special Taxes	Reserve Fund Income	Total Available Revenue	Maximum Coverage	Minimum Coverage	Gross Coverage	Net Coverage
								(a)	(b)	(c)	(d)
1-Jul-07	1-Jul-06	$1,547,714	$0	$1,547,714	$2,123,328	$0	$2,123,328	137%	137.2%	137%	137%
1-Jul-08	1-Jul-07	$1,997,050	$0	$1,997,050	$2,165,795	$0	$2,165,795	108%	108.4%	108%	108%
1-Jul-09	1-Jul-08	$1,997,050	$0	$1,997,050	$2,209,110	$0	$2,209,110	111%	110.6%	111%	111%
1-Jul-10	1-Jul-09	$2,126,050	$42,448	$2,168,498	$2,253,293	$169,342	$2,422,635	114%	103.9%	106%	112%
1-Jul-11	1-Jul-10	$2,167,955	$43,297	$2,211,252	$2,298,359	$169,342	$2,467,701	114%	103.9%	106%	112%
1-Jul-12	1-Jul-11	$2,211,165	$44,163	$2,255,328	$2,344,326	$169,342	$2,513,668	114%	103.9%	106%	111%
1-Jul-13	1-Jul-12	$2,255,460	$45,046	$2,300,506	$2,391,212	$169,342	$2,560,554	114%	103.9%	106%	111%
1-Jul-14	1-Jul-13	$2,300,620	$45,947	$2,346,567	$2,439,036	$169,342	$2,608,379	113%	103.9%	106%	111%
1-Jul-15	1-Jul-14	$2,347,425	$46,866	$2,394,291	$2,487,817	$169,342	$2,657,159	113%	103.9%	106%	111%
1-Jul-16	1-Jul-15	$2,393,600	$47,804	$2,441,404	$2,537,574	$169,342	$2,706,916	113%	103.9%	106%	111%
1-Jul-17	1-Jul-16	$2,441,980	$48,760	$2,490,740	$2,588,325	$169,342	$2,757,667	113%	103.9%	106%	111%
1-Jul-18	1-Jul-17	$2,490,235	$49,735	$2,539,970	$2,640,091	$169,342	$2,809,434	113%	103.9%	106%	111%
1-Jul-19	1-Jul-18	$2,540,145	$50,730	$2,590,875	$2,692,893	$169,342	$2,862,235	113%	103.9%	106%	110%
1-Jul-20	1-Jul-19	$2,591,380	$51,744	$2,643,124	$2,746,751	$169,342	$2,916,093	113%	103.9%	106%	110%
1-Jul-21	1-Jul-20	$2,643,610	$52,779	$2,696,389	$2,801,686	$169,342	$2,971,028	112%	103.9%	106%	110%
1-Jul-22	1-Jul-21	$2,695,505	$53,835	$2,749,340	$2,857,720	$169,342	$3,027,062	112%	103.9%	106%	110%
1-Jul-23	1-Jul-22	$2,749,790	$54,911	$2,804,701	$2,914,874	$169,342	$3,084,216	112%	103.9%	106%	110%
1-Jul-24	1-Jul-23	$2,805,025	$56,010	$2,861,035	$2,973,172	$169,342	$3,142,514	112%	103.9%	106%	110%
1-Jul-25	1-Jul-24	$2,860,825	$57,130	$2,917,955	$3,032,635	$169,342	$3,201,977	112%	103.9%	106%	110%
1-Jul-26	1-Jul-25	$2,917,805	$58,272	$2,976,077	$3,093,288	$169,342	$3,262,630	112%	103.9%	106%	110%
1-Jul-27	1-Jul-26	$2,976,525	$59,438	$3,035,963	$3,155,154	$169,342	$3,324,496	112%	103.9%	106%	110%
1-Jul-28	1-Jul-27	$3,036,490	$60,627	$3,097,117	$3,218,257	$169,342	$3,387,599	112%	103.9%	106%	109%
1-Jul-29	1-Jul-28	$3,097,205	$61,839	$3,159,044	$3,282,622	$169,342	$3,451,964	111%	103.9%	106%	109%
1-Jul-30	1-Jul-29	$3,159,175	$63,076	$3,222,251	$3,348,274	$169,342	$3,517,617	111%	103.9%	106%	109%
1-Jul-31	1-Jul-30	$3,221,850	$64,337	$3,286,187	$3,415,240	$169,342	$3,584,582	111%	103.9%	106%	109%
1-Jul-32	1-Jul-31	$3,286,680	$65,624	$3,352,304	$3,483,545	$169,342	$3,652,887	111%	103.9%	106%	109%
1-Jul-33	1-Jul-32	$3,352,005	$66,937	$3,418,942	$3,553,216	$169,342	$3,722,558	111%	103.9%	106%	109%
1-Jul-34	1-Jul-33	$3,419,220	$68,275	$3,487,495	$3,624,280	$169,342	$3,793,622	111%	103.9%	106%	109%
1-Jul-35	1-Jul-34	$3,487,610	$69,641	$3,557,251	$3,696,765	$169,342	$3,866,108	111%	103.9%	106%	109%
1-Jul-36	1-Jul-35	$3,557,460	$71,034	$3,628,494	$3,770,701	$169,342	$3,940,043	111%	103.9%	106%	109%
Totals		$80,674,609	$1,500,307	$82,174,916	$86,139,338	$4,572,238	$90,711,577				

(a) Maximum coverage = total available revenues divided by debt service
(b) Minimum coverage = maximum special tax revenues divided by total annual obligations
(c) Gross coverage = maximum special tax revenues divided by debt service
(d) Net coverage = total available revenue divided by total annual obligations

APPENDIX F

FORM OF BOND COUNSEL OPINION

[Closing Date]

Mayor and Council of Brunswick
Brunswick City Hall
1 W. Potomac Street
Brunswick, Maryland 21716

Re: $36,310,000 Mayor and Council of Brunswick
(City of Brunswick, Maryland)
Special Obligation Bonds
(Brunswick Crossing Special Taxing District) Series 2006

Ladies and Gentlemen:

We have acted as bond counsel to the Mayor and Council of Brunswick, a body politic and corporate and a political subdivision of the State of Maryland (the "Issuer"), in connection with the issuance of its Special Obligation Bonds (Brunswick Crossing Special Taxing District) Series 2006 (the "Series 2006 Bonds"), in an aggregate principal amount of $36,310,000.

In such capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinion specifically expressed herein.

The Series 2006 Bonds have been authorized and issued pursuant to Article 23A, Section 44A of the Annotated Code of Maryland, as amended ("the Act"), Special Ordinance No. 431 adopted by the City on October 11, 2005 (the "Ordinance") and a Written Order of the Mayor of the City dated September 14, 2006 (the "Written Order"). The Series 2006 Bonds are issued pursuant to a Trust Indenture dated as of September 1, 2006 by and between the Issuer and Manufacturers and Traders Trust Company, as Trustee (the "Trustee") (the "Indenture").

The Series 2006 Bonds are not general obligations of the Issuer, but are special obligations payable solely from the revenues and funds pledged therefor under the Indenture. Neither the faith and credit of the Issuer nor the State of Maryland nor any political subdivision thereof is pledged to the payment of the Series 2006 Bonds.

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

The Series 2006 Bonds are issued as fully registered bonds in denominations of $100,000 and integral multiples of $1,000 in excess thereof and will initially be issued in book-entry form as provided in the Indenture. The 2006 Bonds bear interest, mature and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the respective Indenture.

The Series 2006 Bonds are being issued pursuant to the Act and the Ordinance for the purpose of financing certain public improvements related to the development of the Brunswick Crossing Special Taxing District (the "District") created pursuant to the Ordinance.

We have made no investigations of, and are rendering no opinion regarding, title to, liens on or security interests in real or personal property, and we express no opinion as to the creation, validity or priority of any lien upon, assignment of, pledge of or security interest in any real or personal property. It is the responsibility of the Trustee to continue to maintain the perfection, priority or validity of any liens, assignments, security interests or pledges created as security for the Series 2006 Bonds.

This opinion does not constitute or imply a recommendation of the market or financial value of the Series 2006 Bonds or an assessment of the strength or appropriateness of the covenants by any of the parties to any of the documents relating to the issuance of, or securing, the Series 2006 Bonds, the possibility of default (other than on account of the invalidity of the Series 2006 Bonds), the eligibility or suitability of the Series 2006 Bonds as an investment, or any other legal or financial aspect of the Series 2006 Bonds not expressly addressed.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Limiting Offering Memorandum relating to the Series 2006 Bonds.

As to questions of fact material to our opinion, we have relied on representations of the Issuer, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents.

We do not express any opinion herein concerning any law other than the law of the State of Maryland and the federal law of the United States of America.

Based on the foregoing, we are of the opinion that, under existing Maryland and federal law and as of the date hereof:

1. The Issuer is duly created and validly existing as a body politic and corporate and a political subdivision of the State of Maryland and has full power and authority under the laws of the State of Maryland, including the Act, to enact the Ordinance providing for creation of the District, the issuance of the Series 2006 Bonds and the levy of the Special Tax.

2. The Ordinance has been validly enacted by the Issuer and has not been amended, rescinded or revoked and is in full force and effect.

3. The Written Order has been duly authorized, executed and delivered by the Mayor of the Issuer and has not been amended, rescinded or revoked and is in full force and effect.

4. The Indenture has been duly authorized, executed and delivered by the Issuer and assuming the due authorization, execution and delivery thereof by the Trustee, constitute the valid and binding obligation of the Issuer.

5. The Issuer is duly authorized and entitled to issue the Series 2006 Bonds. The 2006 Series Bonds, executed and authenticated as provided in the Indenture, have been duly and validly issued by the Issuer and constitute valid and binding special obligations of the Issuer, payable solely from the proceeds of the Special Tax and from certain funds held by the Trustee under the Indenture. The Series 2006 Bonds are entitled to the benefit and security of the Indenture to the extent provided therein.

6. As provided in the Act, the Series 2006 Bonds do not constitute a general obligation of the Issuer or a pledge of the Issuer's full faith and credit or taxing power. The Issuer is not obligated to pay the Series 2006 Bonds or the interest thereon except from the Special Tax and, to the extent provided in the Indenture, from moneys on deposit in certain funds and accounts created by the Indenture.

7. By the terms of the Act, the principal amount of the Series 2006 Bonds, the interest payable thereon, their transfer and any income derived from their transfer, including any profit made in the sale or transfer of the Series 2006 Bonds, shall be exempt from taxation by the State of Maryland and by the counties and municipal corporations of the State of Maryland, provided however that no opinion is expressed concerning estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2006 Bonds or the interest thereon.

8. Interest on the Series 2006 Bonds is excludable from gross income for federal income tax purposes under existing law. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain requirements that must be met subsequent to the issuance of the Series 2006 Bonds in order for the interest on the Series 2006 Bonds to remain excludable from gross income for Federal income tax purposes, including restrictions that must be complied with throughout the term of the Series 2006 Bonds. The Issuer and the developer of the public improvements being financed with the proceeds of the Series 2006 Bonds

have made certain representations with respect to matters solely within their knowledge and certain covenants regarding actions required to maintain the excludability of interest on the Series 2006 Bonds from gross income for federal income tax purposes. In the event of noncompliance with such representations and covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2006 Bonds from becoming includable in gross income for Federal income tax purposes from the date of delivery of the Series 2006 Bonds, regardless of the date on which the event causing such taxability occurs. It is our opinion that, assuming compliance with such representations and covenants, the interest on the Series 2006 Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

Interest on the Series 2006 Bonds is not an enumerated preference or adjustment for purposes of the Federal alternative minimum tax imposed on individuals and corporations. However, in calculating corporate alternative minimum tax, a corporation is required to increase its alternative minimum taxable income by 75 percent of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For this purpose, "adjusted current earnings" would include, among other items, interest on the Series 2006 Bonds. In addition, interest income on the Series 2006 Bonds will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

Other than as set forth in the preceding paragraphs 7 and 8, we express no opinion regarding the federal or state income tax consequences arising with respect to the Series 2006 Bonds.

The rights of any holder of the Series 2006 Bonds and the enforceability of the Series 2006 Bonds and the Indenture are subject to: (a) the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court of equity), including judicial limitations on rights to specific performance; (b) the valid exercise of the constitutional powers of the United States of America and of the sovereign police and taxing powers of state or other governmental units having jurisdiction; and (c) bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX G

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

EXHIBIT G-1: CITY'S CONTINUING DISCLOSURE AGREEMENT

EXHIBIT G-2: DEVELOPER'S CONTINUING DISCLOSURE AGREEMENT

APPENDIX G-1

FORM OF CITY CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") among MANUFACTURERS AND TRADERS TRUST COMPANY, as trustee (the "Trustee") on behalf of the owners of the Bonds (as defined below), MUNICAP, INC. (the "Administrator") and the MAYOR AND COUNCIL OF BRUNSWICK (the "City"), dated as of September 1, 2006, is being entered into in connection with the issuance of $36,310,000 in aggregate principal amount of the Mayor and Council of Brunswick (City of Brunswick, Maryland) Special Obligation Bonds (Brunswick Crossing Special Taxing District) Series 2006 (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of September 1, 2006, (the "Indenture") by and between the Trustee and the City.

The Trustee, the Administrator and the City hereby covenant and agree as follows:

Section 1. Definitions. Terms not otherwise defined herein shall have the meanings set forth in the Indenture.

"Annual Report" shall mean the annual report prepared and delivered to each Repository containing the information set forth in Section 2(a).

"Developer's Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement, dated as of September 1, 2006, between the Administrator and the Developer.

"Funding Agreement" shall mean the Construction and Funding Agreement dated as of September 1, 2006 between the City and the Developer.

"Notice Holders" shall mean any person who provides (i) a written request to the Trustee for notices hereunder to be given to such person at the address designated in such writing and (ii) evidence reasonably satisfactory to the Trustee of such person's beneficial ownership of $1,000,000 or more in aggregate principal amount of the Bonds. The Trustee may, in its sole discretion, but shall not be obligated, to determine that any person no longer qualifies as a Notice Holder due to such person's beneficial ownership of less than $1,000,000 in aggregate principal amount of the Bonds; provided that each of the initial Notice Holders shall continue to be a Notice Holder for so long as such person shall be the owner or beneficial owner of the Bonds.

"Repository" shall mean each Nationally Recognized Municipal Securities Repository for purposes of the Rule and any public or private repository or entity designated by the State as a state repository for the purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time and recognized as such by the Securities and Exchange Commission.

Section 2. Provision of Information. (a) The Administrator shall each year, commencing with the year 2006, provide an Annual Report to each Repository and to Notice Holders. The Annual Report shall include information as of December 31 of each year and be provided to each Repository and to Notice Holders no later than February 15 of the following year. Each Annual Report shall contain or incorporate by reference the following:

(i) Any changes to the Rate and Method of Apportionment of Special Taxes for the District since the report of the previous year;

(ii) Assessed valuation and special tax levy for all parcels within the District;

(iii) Listing of any District taxpayer or taxpayers representing more than five percent of the

levy of Special Taxes in such fiscal year, the amount of the levy of Special Taxes against such landowners and the percentage of such Special Taxes relative to the entire levy of Special Taxes within the District;

(iv) Any significant amendments to land use entitlements or legal challenges to the construction of the Project or the Development of which the Administrator has actual knowledge; and

(v) Any changes in the types of public improvements constructed from those stated in the Limited Offering Memorandum and the status of completion of public improvements constructed or acquired with the proceeds of the Bonds since the report of the previous year of which the Administrator has actual knowledge.

(vi) The status of collection of Special Taxes within the District, including the percentage of delinquent Special Taxes;

(b) In addition to the Annual Report, the Administrator shall promptly provide to each Repository and Notice Holders such continuing disclosure information provided to the Administrator by the Developer as more particularly set forth in the Developer's Continuing Disclosure Agreement.

Section 3. Reporting of Significant Events. The Administrator shall file a notice of the occurrence of any of the following Listed Events of which the Administrator has actual knowledge with the Municipal Securities Rulemaking Board, any Repository and each Notice Holder.

(i) Delinquency in payment when due of any principal of or interest on the Bonds;

(ii) Occurrence of any default under the Indenture (other than as described in clause (i) above) or the Funding Agreement;

(iii) Amendment to the Indenture modifying the rights of the Bondowners;

(iv) Giving of notice of optional or unscheduled redemption of Bonds;

(v) Defeasance of Bonds or any portion thereof;

(vi) Any change in the rating, if any, on the Bonds;

(vii) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(viii) Any unscheduled draws on any credit enhancement reflecting financial difficulties;

(ix) Any change or substitution in the provider of any credit enhancement reflecting financial difficulties;

(x) The release, substitution or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as security); and

(xi) The continuing disclosure event notices provided to the Administrator by the Developer as more particularly set forth in the Developer's Continuing Disclosure Agreement.

The Trustee shall promptly after obtaining actual knowledge of the occurrence of any of the Listed Events (except the Listed Event described in clause (xi) of this Section, as to which the Trustee shall have no responsibility), contact the Administrator who shall immediately report such event as set forth herein. Notwithstanding the foregoing, notice by the Trustee of any Listed Event disclosing an optional or unscheduled redemption of any Bonds or the defeasance of the Bonds or any portion thereof as set forth in clauses (iv) and (v) of this Section shall not be given to the Administrator any earlier than the notice (if any) of the underlying event is given to Owners of the affected Bonds pursuant to the Indenture. For purposes of this subsection, "actual knowledge" of the Trustee or Administrator of the occurrence of such Listed Events shall mean knowledge by an officer of the Trustee with responsibility for matters regarding the Indenture or actual knowledge by an officer of the Trustee with responsibility for matters regarding the Indenture or actual knowledge by an authorized representative of the Administrator with responsibilities for matters contained herein. Actual knowledge of the information described in clauses (iv) and (v) of Section 2(a) to be included in the Annual Report, shall mean receipt of written notice from the Owner. Actual knowledge of the Listed Events specified by clauses (ii) and (vi) of this Section shall be gained only upon receipt of written notice from the Trustee or the City; and as to clause (vii) of this Section, shall

mean receipt by an officer of the Trustee of a letter of Bond Counsel addressed to the Trustee, explicitly pertaining to the Bonds, and providing such opinion or specifying such event and its effect on such tax status.

Section 4. Limitation on Remedies. The City and the Administrator shall be given written notice at the addresses set forth in Section 11 below of any claimed failure by the City or the Administrator (as the case may be) to perform its obligations under this Agreement, and the City or the Administrator (as the case may be) shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the City or the Administrator (as the case may be) shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action.

Section 5. Limitation on Forum. Any suit or other proceeding seeking redress with regard to any claimed failure by the City to perform its obligations under this Agreement must be filed in the Circuit Court for Frederick County, Maryland.

Section 6. Limited Liability of City. Any and all obligations of the City arising out of, or related to, this Agreement are special obligations of the City and may not constitute a general obligation debt of the City or a pledge of the City's full faith and credit, and the City's obligations to make any payments hereunder, including any and all payments to the Administrator, are restricted entirely to Special Tax Revenues and certain funds held under the Indenture and from no other source. No person, including any Bondowner, shall have any claim against the City or any of its officers, officials, agents or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under this Agreement, the Bonds or any other agreement, document, instrument or certificate executed, delivered or approved in connection with the issuance, sale and delivery of the Bonds (collectively, the "Bond Documents") or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to any obligation, undertaking, representation or covenant of the City, that is properly payable pursuant to this Agreement, or in accordance with the Bond Documents, provided, however, that, subject to Sections 4 and 5 above, nothing contained herein shall be construed to preclude any action or proceeding in any court or before any governmental body, agency or instrumentality against the City or any of its officers, officials, agents or employees to enforce the provisions of this Agreement or any of the Bond Documents.

Section 7. Nature and Obligation of City. (a) The City agrees (i) to use its diligent and best efforts to hire and retain a competent individual or entity to perform the duties and obligations of the Administrator relating to the continuing disclosure as set forth in Sections 2 and 3 and (ii) to require the Administrator to perform its obligations hereunder.

(b) If, despite its diligent and best efforts, the City is unable to hire or retain a competent individual or entity to perform the duties and obligations of the Administrator as described in paragraph (a) above, the City agrees to provide or cause to be provided the information described in clauses (i), (ii) and (iii) of Section 2 and clauses (i) through (xi) of Section 3, as required by such Sections.

(c) If the City is performing the duties and obligations of the Administrator as described in paragraph (b) above, the City shall be entitled to be reimbursed for any and all reasonable costs and expenditures associated with its performance of such duties and obligations.

(d) It is hereby acknowledged by the parties to this Agreement that any and all (i) fees or costs necessary to hire and retain the services of the Administrator and (ii) costs and expenditures of the City associated with its performance of the duties and obligations of the Administrator constitute Administrative Expenses and are payable from the Special Tax Revenues as provided in the Indenture.

Section 8. Nature of Obligation of Administrator. The Administrator shall act on behalf of the City and shall have only those duties relating to continuing disclosure as set forth in Sections 2 and 3. The Administrator shall not be deemed to be acting in a fiduciary capacity for the Developers, the Trustee, the Bondowners or any party other than the City for the purpose of complying with its obligation to provide continuing disclosure.

Section 9. Termination of Reporting Obligation. The obligations under this Agreement shall terminate at such time that the Bonds are no longer Outstanding.

Section 10. Replacement of Administrator. The City shall have the right to appoint an alternate or substitute Administrator upon sixty (60) days' written notice to the Trustee and the incumbent Administrator and said successor Administrator shall become the Administrator hereunder upon its acceptance of the duties hereunder.

Section 11. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

If to the Administrator: MuniCap, Inc.
8340 Governor Ridgely Lane
Ellicott City, Maryland 21043
Attention: Keenan Rice

If to the City: Mayor and Council of Brunswick
Brunswick City Hall
One West Potomac Street
Brunswick, Maryland 21716
Attention: City Administrator

If to the Trustee: Manufacturers and Traders Trust Company
25 South Charles Street, 16th Floor
Mail Code: 101-591
Baltimore, Maryland 21201
Attention: Corporate Trust Services

Section 12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

MUNICAP, INC.

By:_____

MANUFACTURERS AND TRADERS TRUST COMPANY

By:_____

MAYOR AND COUNCIL OF BRUNSWICK

By:_____

APPENDIX G-2

FORM OF DEVELOPER'S CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT between BRUNSWICK CROSSING, LLC (the "Developer"), and MUNICAP, INC. (the "Administrator"), dated as of September 1, 2006, is being entered into in connection with the issuance of in connection with the issuance of $36,310,000 in aggregate principal amount of the Mayor and Council of Brunswick (City of Brunswick, Maryland) Special Obligation Bonds (Brunswick Crossing Special Taxing District) Series 2006 (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of September 1, 2006, (the "Indenture") by and between the Manufacturers and Traders Trust Company, as trustee, and the Mayor and Council of Brunswick.

The Developer and the Administrator hereby covenant and agree as follows:

Section 1. Definitions. Terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Section 2. Provision of Information. The Developer shall, within thirty (30) days of the end of each calendar quarter, commencing with the calendar quarter ending December 31, 2006, provide to the Administrator the following information, and the Administrator shall cause said information to be provided to the City and Notice Holders within fifteen days of receipt.

(i) A statement as to any material changes to the information contained in the following sections in the Limited Offering Memorandum: "THE DEVELOPMENT";

(ii) A statement as to the status of the completion of the development including information regarding lot and land sales activity, the construction of retail and commercial improvements, as well as the status of infrastructure improvements, and improvements described in the in the Limited Offering Memorandum section "THE DEVELOPMENT";

(iii) A statement as to the amount funded, repaid, and then outstanding principal amount of the financing provided to the Developer by M&T Mortgage Corporation described in the Limited Offering Memorandum under "PLAN OF FINANCE," the existence of any material amendments to such financing, any Event of Default (as defined thereunder) or the receipt of formal notice of any event, but for the giving of notice or the passage of time would constitute an Event of Default, and the existence and amount, if any, of any other lien for borrowed money securing the property then owned by the Developer in the District;

(iv) A statement as to the number of building permits issued and in-process (for homes not closed) along with a statement as to the number of lots and homes within the District both under contract and closed by purchaser (with respect to lots), on a section by section basis (recognizing that the Developer must rely upon information reported to them by builders other than affiliates of the Developer);

(v) A statement as to the status of any significant discussions, expressions of interest or intent, and agreements with potential retail and office users.

(vi) A statement as to material changes, if any, in the form, organization or ownership of the Developer;

(vii) A statement as to existence of any legislative, administrative or judicial challenges to the

construction of the Project within the District or the validity of the duly recorded plat or other public approvals for any section of the development of the Developer within the District;

(viii) Any material amendment or supplement to the Construction and Funding Agreement dated as of September 1, 2006 between the City and the Developer; and

(ix) A statement as to any default by the Developer with respect to any public works agreement.

Section 3. Reporting of Significant Events. Whenever the Developer obtains actual knowledge of the occurrence of one or more of the following events, the Developer shall contact the Administrator who shall immediately report such event to the Trustee and the City as set forth herein:

(i) failure to pay any real property taxes (including the Special Taxes) levied within the District on a parcel owned by of the Developer or any affiliate of the Developer;

(ii) material damage to or destruction of any development or improvements within the he District owned or being developed by the Developer or any affiliate of the Developer;

(iii) material default by the Developer or any affiliate of the Developer, on any loan with respect to the construction or permanent financing of development of the District;

(iv) material default by the Developer or any affiliate of the Developer, on any loan secured by property within the District owned by the Developer or any affiliate of the Developer;

(v) the filing of the Developer or any affiliate of the Developer, or any owners of more than 25% interest in the Developer in bankruptcy or any determination that the Developer, or an owner of an interest in the Developer, or a subsidiary of the Developer, or any affiliate of the Developer, is unable to pay its debts as they become due; and

(vi) the filing of any lawsuit against the Developer or any affiliate of the Developer with claim for damages in excess of $1,000,000 or which may adversely affect the completion of Development or the Project, or litigation in excess of $1,000,000 or which would materially adversely affect the financial condition of the Developer or any affiliate of the Developer.

Section 4. Termination of Reporting Obligation. The Developer's obligations under this Agreement shall terminate at such time that the Developer no longer owns any property within the District.

Section 5. Administrator Costs. It is hereby acknowledged by the parties to this Agreement that any and all (i) fees or costs necessary to hire and retain the services of the Administrator and (ii) costs and expenditures of the City associated with its performance of the duties and obligations of the Administrator constitute Administrative Expenses and are payable from the Special Tax Revenues as provided in the Indenture.

Section 6. Rights of Bondholders to Enforce Agreement. In the event of a failure by the Administrator or the Developer to comply with any provision contained herein, any Bondowner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause compliance with the obligations hereunder.

Section 7. Notices. Any notices or communications to or among any of the beneficiaries to this Agreement must be given as follows:

If to the Administrator: MuniCap, Inc.
8340 Governor Ridgely Lane
Ellicott City, Maryland 21043
Attention: Keenan Rice

If to the Developer:	Brunswick Crossing, LLC 24012 Frederick Road, Suite 200 Clarksburg, Maryland 20871 Attention: Jerry Connelly
If to the City:	Mayor and Council of Brunswick Brunswick City Hall One West Potomac Street Brunswick, Maryland 21716 Attention: City Administrator
If to the Trustee:	Manufacturers & Traders Trust Company 25 South Charles Street 16th Floor Baltimore, MD 21201 Attention: Corporate Trust Department

Section 6. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

MUNICAP, INC.

By:_____

BRUNSWICK CROSSING, LLC, a Maryland limited liability company

By:_____
William D. Pleasants, Jr.,
Manager

Acknowledged:

MAYOR AND COUNCIL OF BRUNSWICK

By:_____