

**CITY OF BRUNSWICK, MARYLAND  
BRUNSWICK CROSSING SPECIAL TAXING DISTRICT**

**FISCAL YEAR 2009-2010  
SPECIAL TAX REPORT**

Prepared By:

**MUNICAP, INC.**

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**City of Brunswick, Maryland**  
**Brunswick Crossing Special Taxing District**

**Fiscal Year 2009-2010**  
**Special Tax Report**

**INTRODUCTION**

This report has been prepared to explain the methodology used to calculate the special tax rates at which property will be taxed in the Brunswick Crossing Special Taxing District for fiscal year 2009-2010. The special tax rates are shown in Exhibit A, which follows this report. The parcels in the special taxing district and the special tax levied on each parcel are shown in Exhibit B, which follows Exhibit A. The special tax levied on each parcel is based on the parcel's classification and the special tax rates shown in Exhibit A.

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 Termination Date is defined in the RMA as the date in which special taxes shall not be collected on any parcel, which is the earlier of the repayment or defeasance of the bonds or the thirtieth tax year after the tax year in which bonds were issued. Commencing with the Commencement Date, which is defined as the first tax year after the bonds are issued, and for each following tax year through the Termination Date, the City of Brunswick shall determine the Special Tax Requirement and shall collect the special tax in an amount up to the Maximum Special Tax for each parcel until the aggregate amount of the special taxes collected is equal to the Special Tax Requirement for the Brunswick Crossing Special Taxing District, pursuant to Special Ordinance Number 431 adopted by the Mayor and the Council of Brunswick on October 11, 2005.

**SPECIAL TAX LEVY**

Assignment to Parcel Categories

According to the Rate and Method (RMA) of Apportionment of the Special Taxes of the Brunswick Crossing Special Taxing District, special taxes are to be levied each tax year based on the classification of property in the district. The RMA specifies the assignment of the following parcel categories for the district:

- I. Public Property
- II. Non-Benefited Property
- III. Taxable Property
  - A. Developed Property
    - 1. Land Use Class 1
    - 2. Land Use Class 2
    - 3. Land Use Class 3
    - 4. Land Use Class 4
    - 5. Land Use Class 5
  - B. Undeveloped Property
    - 1. Land Use Class 1
    - 2. Land Use Class 2
    - 3. Land Use Class 3
    - 4. Land Use Class 4
    - 5. Land Use Class 5

Public property and non-benefited property are not subject to special taxes. Undeveloped and developed properties are subject to special taxes, as described in the balance of this report.

Parcels are categorized each fiscal year based on their status as of the Classification Date, which is defined in the RMA as a date each year determined by the administrator as a date that provides sufficient time for the calculation, billing and collection of the special taxes. For fiscal year 2009-2010, property is classified based on its status as of February 1, 2009. Developed property is property (i) for which a building permit has been issued as of the classification date or (ii), which is subject to an owner’s association by the filing of a supplemental declaration (this is private property subject to an association, not property owned by an association) or similar document in the land records of Frederick County. (A supplemental declaration or similar document shall not include a master owner’s association declaration that merely puts future owners on notice that such property will be annexed into the owner association at a future date.) Undeveloped property includes all taxable property that is not developed property.

As of February 1, 2009, there had been no building permits issued nor had there been any supplemental declarations or similar documents recorded with Frederick County subjecting property within the district to an owner’s association. Accordingly, for the purpose of levying the special tax, all of the property is considered and has been classified as Undeveloped Property for fiscal year 2009-2010 and is subject to the Undeveloped Property Special Tax Rate.

Maximum Special Tax Rates

According to the RMA, 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. The Maximum Special Tax Rates for the prior tax year and fiscal year 2009-2010 are shown in Table A. As shown in Table A, the Maximum Special Tax Rates for fiscal year 2009-2010 are 102 percent of the respective Maximum Special Tax Rates in effect in the previous tax year.

**Table A**  
**Maximum Special Tax Rates**

| <b>Parcel Categories</b> | <b>Maximum Special Tax Rates Prior Year</b> | <b>Maximum Special Tax Rates Fiscal Year 2009-2010</b> |
|--------------------------|---|--|
| Land Use Class 1         | \$1,404.54                                  | \$1,432.63   |
| Land Use Class 2         | \$1,288.02                                  | \$1,313.78   |
| Land Use Class 3         | \$1,042.48                                  | \$1,063.33   |
| Land Use Class 4         | \$814.63                                    | \$830.93   |
| Land Use Class 5         | \$917.63                                    | \$935.99   |

### Special Tax Requirement

Special taxes are to be collected in an amount equal to the special tax requirement. Prior to the completion of construction, the special tax is to be collected on each parcel of developed property at 91 percent of the applicable Maximum Special Tax for such parcels. This applies even if the developed property special taxes exceed the special tax requirement. According to the RMA, the special tax requirement is equal to:

- (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 not paid by the district,
- (3.) costs of authorized services of the district,
- (4.) any amount required to replenish the 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
- (7.) any credits available as a result of funds and accounts held under the Trust Indenture.

Debt service and the other expenses of the district are estimated to exceed the bond proceeds available in the Capitalized Interest Account, Reserve Fund investment income and excess funds available in the Administrative Expense Fund. As a result, the special tax requirement for fiscal year 2009-2010 is \$2,253,292.68. Special taxes in the amount of \$2,253,292.68 will be collected in fiscal year 2009-2010. The special tax requirement for the Series 2006 Bonds is explained in the balance of this report.

#### *Debt Service*

Debt service includes the interest payments on the Series 2006 Bonds due on January 1, 2010 and July 1, 2010. Each semi-annual interest payment on the bonds is \$998,525.00. This is based on an outstanding principal amount of \$36,310,000.00 earning 5.50 percent annually. There is a principal payment of \$129,000.00 due on July 1, 2010. As a result, total debt service is equal to \$2,126,050.00

**Table B**  
**Special Tax Requirement**  
**Fiscal Year 2009-2010**

|                                       |                    |
|---------------------------------------|--------------------|
| <b>Debt Service:</b>                  |                    |
| Interest on January 1, 2010           | \$998,525          |
| Interest on July 1, 2010              | \$998,525          |
| Principal on July 1, 2010             | \$129,000          |
| <i>Sub-total debt service</i>         | \$2,126,050        |
| <b>Administrative Expenses</b>        | \$69,000           |
| <b>Contingency</b>                    | \$52,113           |
| <i>Sub-total expenses</i>             | \$2,247,163        |
| <b>Reserve Fund Investment Income</b> | (\$13,886)         |
| <b>Deficit from Prior Year</b>        | \$20,016           |
| <b>Special Tax Requirement</b>        | <b>\$2,253,293</b> |

*Administrative Expenses*

Administrative expenses include the trustee, the administrator, and the expenses of the city related to the district. The annual charge of the trustee is estimated to be \$5,202.00. The annual charge of the administrator is estimated to be \$16,126.20, plus an additional \$1,820.70 for the annual arbitrage rebate calculation. Increasing these amounts for inflation, sub-total administrative expenses for fiscal year 2009-2010 are estimated to be \$23,611.88. The expenses of the city are estimated to be \$45,388.00. The expenses of the city are not increased for inflation and a portion of the expenses of the city can be paid from the Improvement Fund. As a result, total administrative expenses are equal to \$68,999.88.

*Contingency*

A contingency, equal to approximately 2.37 percent of annual expenses, has been added in the event there are unanticipated expenses, special tax delinquencies, or the investment income earned is less than estimated.

*Bond Fund*

As of April 30, 2009, the balance in the Bond Fund was \$243,341.87. The balance in the Bond Fund will be used to pay a portion of the debt service on July 1, 2009. As a result, there will be no funds available in the Bond Fund to pay debt service in fiscal year 2009-2010.

*Reserve Fund Investment Income*

As of April 30, 2009, the balance in the Reserve Fund was \$3,386,877.71, which included the reserve requirement of \$3,386,843.00 and \$34.71 in investment income. The Reserve Fund balance in excess of the reserve requirement may be applied to pay a portion of the debt service on July 1, 2009. Bond proceeds in the amount of \$3,386,843.00 are invested in a Bayerische Landesbank Repurchase Agreement (REPO) earning 4.721 percent per annum and maturing on July 1, 2009. The bond

proceeds equal to the reserve requirement are expected to be reinvested in a one year U.S. Government Security following the July 1, 2009 maturity of the Bayerische Landesbank REPO. The interest rate on the one year U.S. Government Security is estimated to be 0.41 percent. At a yield of 0.41 percent per annum, \$13,886.06 is estimated to be earned on the reserve requirement through June 30, 2010, which may be applied to the payment of debt service on January 1, 2010 and July 1, 2010.

*Deficit from Prior Year*

Table D below outlines the deficit from the prior year that must be funded with special taxes collected in fiscal year 2009-2010. As of April 30, 2009, the balance in the Capitalized Interest Account was \$641,997.03. Of this amount \$148,301.33 is invested in a money market earning an estimated 0.02 percent, \$266,653.50 is invested in a Federal National Mortgage Association Discount Note earning 6.375 percent per annum that matures on June 15, 2009, and \$227,042.20 is invested in a Federal Home Loan Bank Note earning 4.00 percent that matures on June 22, 2009. Based on these investments, \$13,188.73 is estimated to be earned on the Capitalized Interest Account through June 30, 2009.

**Table D**  
**Deficit from Prior Year**

|  |                 |
|--|-----------------|
| <b>Available Funds:</b>                            |                 |
| Cap I balance at April 30, 2009                    | (\$641,997)     |
| Cap I Investment Income thru June 30, 2009         | (\$13,189)      |
| Reserve Fund surplus at April 30, 2009             | (\$35)          |
| Investment Income on Reserve Fund to June 30, 2009 | (\$79,946)      |
| Bond Fund balance at April 30, 2009                | (\$243,342)     |
| <i>Sub-total available funds</i>                   | (\$978,509)     |
| <b>Debt Service:</b>                               |                 |
| Interest on July 1, 2009                           | \$998,525       |
| Principal on July 1, 2009                          | \$0             |
| <i>Sub-total debt service</i>                      | \$998,525       |
| <b><i>Deficit from Prior Year</i></b>              | <b>\$20,016</b> |

As described above, the balance in the Reserve Fund as of April 30, 2009 was \$3,386,877.71, which included the reserve requirement of \$3,386,843.00 and \$34.71 in investment income. The Reserve Fund balance in excess of the reserve requirement may be applied to pay a portion of the debt service on July 1, 2009. Bond proceeds in the amount of \$3,386,843.00 are invested in a Bayerische Landesbank Repurchase Agreement (REPO) earning 4.721 percent per annum and maturing on July 1, 2009. Based on the bond proceeds invested in the REPO, \$79,946.43 in investment income is estimated to be earned on the Reserve Fund through June 30, 2009, which may be applied to pay debt service on July 1, 2009. As of April 30, 2009, the balance in the Bond Fund was \$243,341.87, which may be applied to pay debt service on July 1, 2009.

The debt service payment due on July 1, 2009 is \$998,525.00. As shown by Table D, the July 1, 2009 debt service payment exceeds the available funds resulting in a deficit from the prior year of \$20,016.24, which must be funded with special taxes collected in fiscal year 2009-2010.

*Summary of the Special Tax Requirement*

Total expenses to be paid from special taxes collected in fiscal year 2009-2010 are estimated to be \$2,267,178.73. Funds available to pay these expenses, other than special taxes, are estimated to be \$13,886.06, resulting in a special tax requirement of \$2,253,292.68.

Undeveloped Property Special Tax Rate

As mentioned above, as of February 1, 2009, there had been no building permits issued nor had there been any supplemental declarations or similar documents recorded with Frederick County subjecting property within the district to an owner's association. Accordingly, for the purpose of levying the special tax, all of the property is considered and has been classified as Undeveloped Property for fiscal year 2009-2010 and is subject to the Undeveloped Property Special Tax Rate.

According to the Rate and Method of Apportionment, commencing with the Commencement Date, which is defined as the first tax year after the bonds are issued, and for each following tax year through the Termination Date, the City of Brunswick 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.

**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 such 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 Maximum Special Tax for such parcel.

The special tax requirement for fiscal year 2009-2010 is \$2,253,292.67. As a result, the special tax to be collected on undeveloped property is \$2,253,292.67.

*Special Taxes to be Collected*

As of June 8, 2009, the developer was unable to provide a site plan with the type and number of units expected to be constructed in the district. As a result, the fiscal year 2009-2010 special tax to be collected is allocated based on the engineer's acreage and the estimated pro rata number of aggregate Equivalent Units expected to be developed on each parcel. Table E shows the Maximum Special Tax Rates and the Aggregate Maximum Special Taxes for fiscal year 2009-2010 by property class. The Aggregate Maximum Special Taxes for fiscal year 2009-2010 is based on the aggregate number of Equivalent Units that are estimated to be developed on each parcel.

**Table E**  
**Maximum Special Taxes**

| <b>Property Classification</b> | <b>Equivalent Units</b> | <b>Based on Number of Units</b> | <b>Aggregate Equivalent Units</b> | <b>Maximum Special Tax (2009-2010)</b> | <b>Aggregate Maximum Special Tax (2009-2010)</b> |
|--------------------------------|-------------------------|---------------------------------|-----------------------------------|--|--|
| Land Use Class 1               | 1.0000                  | 422                             | 422.0000                          | \$1,432.63                             | \$604,570.20                                     |
| Land Use Class 2               | 0.9167                  | 624                             | 572.0208                          | \$1,313.78                             | \$819,795.91                                     |
| Land Use Class 3               | 0.7419                  | 359                             | 266.3421                          | \$1,063.33                             | \$381,735.61                                     |
| Land Use Class 4               | 0.5799                  | 100                             | 57.9900                           | \$830.93                               | \$83,092.59                                      |
| Land Use Class 5               | 0.6530                  | 389                             | 254.0170                          | \$935.99                               | \$364,098.36                                     |
| <b>Total</b>                   |                         |                                 |                                   |  | <b>\$2,253,292.67</b>                            |

Exhibit B, attached hereto, shows the engineer's acreage, Equivalent Units estimated to be constructed on each parcel, the Aggregate Maximum Special Taxes for fiscal year 2009-2010 and the special tax to be collected for fiscal year 2009-2010. Special taxes are to be collected at the Maximum Special Tax Rate for fiscal year 2009-2010.

**SUMMARY**

Exhibit A shows the special tax rates for each property classification in the district for fiscal year 2009-2010. Exhibit B lists the parcels of taxable property in the district as of February 1, 2009 and special tax to be levied on each parcel for fiscal year 2009-2010. The special tax levied on each parcel is based on the special tax rates shown in Exhibit A, the classification of each parcel based on its status as of the date of classification, and the number of units that may be developed on the parcel.

**Exhibit A**

**City of Brunswick, Maryland  
Brunswick Crossing Special Taxing District**

**Special Tax Rates  
Fiscal Year 2009-2010**

| <b>Property Classification</b> | <b>Maximum<br/>Special Tax<br/>Rate</b> | <b>Special Tax<br/>Rate Levied</b> |
|--------------------------------|---|------------------------------------|
| <b>Developed Property:</b>     |   |                                    |
| Land Use Class 1               | \$1,432.63                              | \$0.00                             |
| Land Use Class 2               | \$1,313.78                              | \$0.00                             |
| Land Use Class 3               | \$1,063.33                              | \$0.00                             |
| Land Use Class 4               | \$830.93                                | \$0.00                             |
| Land Use Class 5               | \$935.99                                | \$0.00                             |
| <b>Undeveloped Property:</b>   |   |                                    |
| Land Use Class 1               | \$1,432.63                              | \$1,432.63                         |
| Land Use Class 2               | \$1,313.78                              | \$1,313.78                         |
| Land Use Class 3               | \$1,063.33                              | \$1,063.33                         |
| Land Use Class 4               | \$830.93                                | \$830.93                           |
| Land Use Class 5               | \$935.99                                | \$935.99                           |

**Exhibit B**  
**Brunswick Crossing Special Taxing District**  
**Special Tax Roll**  
**Fiscal Year 2009-2010**

| District      | Account | Map | Parcel | Lot | Owner                   | Street Address       | Dev/Undev | Classification        |                 | Aggregate<br>Equivalent<br>Units | Aggregate<br>Maximum<br>Special Tax<br>(2009-2010) | Special Tax<br>Levy FY09-10 |
|---------------|---------|-----|--------|-----|-------------------------|----------------------|-----------|-----------------------|-----------------|----------------------------------|--|-----------------------------|
|               |         |     |        |     |                         |                      |           | Engineer's<br>Acreage | SDAT<br>Acreage |                                  |  |                             |
| 25            | 489047  | 92  | 29     | N/A | Brunswick Crossing, LLC | Burkittsville Road   | U         | 248.74                | 241.79          | 707.6955                         | \$1,014,166.63                                     | \$1,014,166.63              |
| 25            | 489055  | 91  | 23     | N/A | Brunswick Crossing, LLC | 649 Jefferson Pike   | U         | 204.95                | 205.30          | 583.1127                         | \$835,632.62                                       | \$835,632.62                |
| 25            | 480511  | 200 | 879    | N/A | Brunswick Crossing, LLC | Petersville Road     | U         | 97.82                 | 99.46           | 278.3012                         | \$398,820.95                                       | \$398,820.95                |
| 25            | 489063  | 91  | 259    | 1   | Brunswick Crossing, LLC | 649 A Jefferson Pike | U         | 1.15                  | 1.15            | 3.2605                           | \$4,672.48   | \$4,672.48                  |
| <b>Total:</b> |         |     |        |     |                         |                      |           | <b>552.66</b>         | <b>547.70</b>   | <b>1,572.3699</b>                | <b>\$2,253,292.67</b>                              | <b>\$2,253,292.67</b>       |