

ORDINANCE NO. _____

CONFIRMING THE ASSESSMENT ROLL RELATED TO THE RIVERWALK MUNICIPAL IMPROVEMENT DISTRICT; AND OTHER MATTERS RELATING THERETO.

WHEREAS, as set forth in Resolution No. 14 adopted by the City Council (the "City Council") of the City of Rock Hill, South Carolina (the "City") on June 22, 2009, the City has caused to be prepared an "improvement plan" (within the meaning of Title 5, Chapter 37, Code of Laws of South Carolina 1976, as amended (the "Act"), in particular Section 5-37-20(4) of the Act), entitled: "Improvement Plan for the Riverwalk Municipal Improvement District" (the "Improvement Plan"), which Improvement Plan contemplates the creation of a Riverwalk Improvement District (the "Improvement District"), and the implementation of certain improvements (as described in the Improvement Plan) (the "Improvements") with respect to the Improvement Plan; and

WHEREAS, the City Council by ordinance enacted on August 10, 2009 (the "Improvement District Ordinance") established an approximately 1,008 acre parcel of real property, which is described in the Improvement District Ordinance, as the Improvement District, and approved an assessment roll with respect to the real properties within the Improvement District (the "Assessment Roll") and the assessments (the "Assessments") reflected therein; and

WHEREAS, The Greens of Rock Hill, LLC (the "Developer") filed a letter dated August 13, 2009 (the "Developer Request") with the City Manager; (a) certifying that, as of the date of such letter, the Developer was the owner of each lot or parcel of land against which, by the Assessment Roll, the Assessments are to be levied within the Improvement District, and (b) consenting to the imposition of the Assessments for purposes of Section 5-37-120 of the Act; and

WHEREAS, pursuant to the Improvement District Ordinance and Section 5-37-120 of the Act, on August 11, 2009, the City provided notice as required by law to the Developer, which notice stated the nature of the Improvements, the total proposed cost thereof, the amount to be assessed against the particular property and the basis upon which the Assessments are made, together with the terms and conditions upon which the Assessments may be paid (the "Notice"); and

WHEREAS, the Notice contained a brief description of the particular property involved, together with a statement that the amount assessed constitutes a lien against the property superior to all other liens except property taxes, and the Notice also stated the time for a hearing of objections in respect to the Assessments and the date and time of the public session of City Council at which a final decision on objections will be made; and

WHEREAS, as required by Section 5-37-110 of the Act, the City published notice of completion of the Assessment Roll in *The Herald* on August 14, 2009; and

WHEREAS, the public session of City Council at which decisions are to be made on objections to the Assessments was scheduled for Monday, September 28, 2009; and

WHEREAS, the Developer has received proper notice (or consented to or waived notice thereof) as required by law, and, other than as set forth in the Developer Request, no owner of any of the property against which the Assessments are to be levied within the Improvement District has filed a request with the City Manager objecting to the Assessments, nor have any written objections to the Assessments been received by the City Council; and

WHEREAS, the City Council has determined that it should approve and confirm the Assessment Roll; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL AS FOLLOWS:

1. The Assessment Roll attached hereto as Appendix A is hereby approved and confirmed as the assessment roll within the meaning of the Act reflecting the names of the persons whose properties are to be assessed and the amount assessed against their respective properties with a brief description of the lots or parcels of land assessed.
2. The Assessment Report attached hereto as Appendix B is hereby approved.
3. The Assessment Roll and Assessment Report shall be certified by the Municipal Clerk of the City, and shall be filed in the office of the City Manager of the City, the office of the Clerk of Court of York County, South Carolina, and the office of the Register of Deeds of York County, South Carolina, and from the time of filing the Assessments impressed in the Assessment Roll constitute and are liens on the real property against which they are assessed superior to all other liens and encumbrances, except the lien for property taxes, and must be annually assessed and are collected with the property taxes on it. The Assessment Roll may also be filed in such other public records as the City Manager may determine.
4. The Assessment Roll may be adjusted from time to time in accordance with its terms.
5. This Ordinance shall be effective immediately upon enactment.
6. If any section, paragraph, clause or provision of this Ordinance is held invalid or unenforceable under any circumstances, such holding shall not affect the validity or enforceability thereof under other circumstances or the validity or enforceability of this Ordinance as a whole or of any other section, paragraph, clause or provision of this Ordinance.
7. All orders, resolutions, ordinances and parts thereof, procedural or otherwise, in conflict herewith are hereby repealed, to the extent of such conflict.

[Execution Page Follows]

Enacted by the City Council of the City of Rock Hill, South Carolina, this 28th day of September, 2009.

CITY OF ROCK HILL, SOUTH CAROLINA

A. Douglas Echols, Jr., Mayor

Kevin Sutton, Mayor Pro-Tempore

John P. Gettys, Jr.

Susie B. Hinton

Kathy Pender

James C. Reno, Jr.

Osbey Roddey

(SEAL)
ATTEST:

David B. Vehaun
Municipal Clerk

First Reading: September 14, 2009

Second Reading: September 28, 2009

Appendix A
Assessment Roll

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

ASSESSMENT ROLL

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

ASSESSMENT ROLL

Tax Parcel Number	Owner	Description (Acreage)	Assessment
665-00-00-003	The Greens of Rock Hill, LLC	632.23	\$88,663,199
663-00-00-001	The Greens of Rock Hill, LLC	376.09	\$62,293,643
Total		1,008.32	\$150,956,842

The "Rate and Method of Apportionment of Assessment," which is attached hereto as Appendix A and incorporated herein, includes a number of provisions related to the Assessment. The Assessment shall be collected, reallocated, reduced, terminated, prepaid, and applied as set forth in the "Rate and Method of Apportionment of Assessment" (capitalized terms used in this Assessment Roll which are not defined herein shall have the meaning set forth in Appendix A attached hereto).

In order to maintain records for the billing and collecting of the Assessment, Appendix B-1 attached hereto and incorporated herein shall be updated each Assessment Year to reflect the current Parcels in the Improvement District, the Assessment for each Parcel, including any reallocations for Parcel subdivisions and adjustments as provided for in the "Rate and Method of Apportionment of Assessment," the Annual Assessment, Annual Parcel Assessment, and Annual Payment for the Assessment Year for which the Assessment Roll is being updated, prepayments or termination of the Assessment, and other changes, all as provided for in the "Rate and Method of Apportionment of Assessment" and the Assessment Ordinance.

The Annual Assessment for all Parcels for each Assessment Year is shown by Appendix B-2 attached hereto and incorporated herein. In order to maintain records for the billing and collecting of the Assessments, the Annual Assessments shown on Appendix B-2 shall be updated each Assessment Year and shall be allocated to each Parcel each Assessment Year pursuant to and reduced as required by the "Rate and Method of Apportionment of Assessments."

The Assessments are being shown in three separate parts, which is an accounting convention to assist with the accounting of the manner in which the Assessment will be applied to repay the Bonds.

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

Appendix B-1a

ANNUAL UPDATE OF ASSESSMENT PART A FOR EACH PARCEL

Tax Parcel Number	Equivalent Units	Assessment Part A	Principal Portion of Assessment Part A	Outstanding Principal Portion of Assessment Part A	Amounts Due for 2009-2010 Assessment Year	
					Annual Parcel Assessment Part A	Annual Payment Part A
665-00-00-003	647.000	\$22,372,553	\$8,314,731	\$2,977,280	\$217,071	TBD
663-00-00-001	847.023	\$29,289,130	\$10,885,269	\$3,897,720	\$284,179	TBD
Total	1,494.023	\$51,661,682	\$19,200,000	\$6,875,000	\$501,250	TBD

Outstanding Principal Portion of Assessment reflects projected first issuance for illustrative purposes.

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

Appendix B-1b

ANNUAL UPDATE OF ASSESSMENT PART B FOR EACH PARCEL

Tax Parcel Number	Equivalent Units	Assessment Part B	Principal Portion of Assessment Part B	Outstanding Principal Portion of Assessment Part B	Amounts Due for 2009-2010 Assessment Year	
					Annual Parcel Assessment Part B	Annual Payment Part B
665-00-00-003	1,477.490	\$30,253,203	\$15,562,977	\$6,399,349	\$396,673	TBD
663-00-00-001	847.023	\$17,343,711	\$8,922,023	\$3,668,651	\$227,407	TBD
Total	2,324.513	\$47,596,914	\$24,485,000	\$10,068,000	\$624,080	TBD

Outstanding Principal Portion of Assessment reflects projected first issuance for illustrative purposes.

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

Appendix B-1c

ANNUAL UPDATE OF ASSESSMENT PART C FOR EACH PARCEL

Tax Parcel Number	Equivalent Units	Assessment Part C	Principal Portion of Assessment Part C	Outstanding Principal Portion of Assessment Part C	Amounts Due for 2009-2010 Assessment Year	
					Assessment Part C	Annual Parcel Assessment Part C
665-00-00-003	647.000	\$36,037,443	\$16,938,173	\$7,464,256	\$536,439	TBD
663-00-00-001	281.167	\$15,660,803	\$7,360,827	\$3,243,744	\$233,121	TBD
Total	928.167	\$51,698,246	\$24,299,000	\$10,708,000	\$769,560	TBD

Outstanding Principal Portion of Assessment reflects projected first issuance for illustrative purposes.

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

Appendix B-2a

ANNUAL ASSESSMENTS FOR ASSESSMENT PART A

Assessment Year Ending	Principal	Interest	Administrative Expenses	Annual Assessment Part A	Annual Payment Part A
2010	\$0	\$481,250	\$20,000	\$501,250	(to be completed each year)
2011	\$0	\$481,250	\$20,400	\$501,650	
2012	\$0	\$481,250	\$20,808	\$502,058	
2013	\$2,000	\$481,250	\$21,224	\$504,474	
2014	\$11,000	\$1,343,860	\$31,649	\$1,386,509	
2015	\$21,000	\$1,343,090	\$32,282	\$1,396,372	
2016	\$31,000	\$1,341,620	\$32,927	\$1,405,547	
2017	\$47,000	\$1,339,450	\$33,586	\$1,420,036	
2018	\$75,000	\$1,336,160	\$34,258	\$1,445,418	
2019	\$105,000	\$1,330,910	\$34,943	\$1,470,853	
2020	\$139,000	\$1,323,560	\$35,642	\$1,498,202	
2021	\$174,000	\$1,313,830	\$36,354	\$1,524,184	
2022	\$213,000	\$1,301,650	\$37,081	\$1,551,731	
2023	\$255,000	\$1,286,740	\$37,823	\$1,579,563	
2024	\$301,000	\$1,268,890	\$38,580	\$1,608,470	
2025	\$351,000	\$1,247,820	\$39,351	\$1,638,171	
2026	\$405,000	\$1,223,250	\$40,138	\$1,668,388	
2027	\$461,000	\$1,194,900	\$40,941	\$1,696,841	
2035	\$1,117,000	\$793,590	\$47,969	\$1,958,559	
2036	\$1,229,000	\$715,400	\$48,928	\$1,993,328	
2037	\$1,351,000	\$629,370	\$49,907	\$2,030,277	
2038	\$1,481,000	\$534,800	\$50,905	\$2,066,705	
2039	\$1,621,000	\$431,130	\$51,923	\$2,104,053	
2040	\$989,000	\$317,660	\$16,734	\$1,323,394	
2041	\$1,081,000	\$248,430	\$17,069	\$1,346,499	
2042	\$1,181,000	\$172,760	\$17,410	\$1,371,170	
2043	\$1,287,000	\$90,090	\$17,758	\$1,394,848	
Total	\$19,200,000	\$31,244,640	\$1,217,042	\$51,661,682	\$0

The Annual Assessment Part A for each Assessment Year and each component of the Annual Assessment Part A may be revised by the City as long as the total of the Annual Assessment Part A is not exceeded.

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

Appendix B-2b

ANNUAL ASSESSMENTS FOR ASSESSMENT PART B

Assessment Year Ending	Principal	Interest	Administrative Expenses	Annual Assessment Part B	Annual Payment Part B
2010	\$0	\$604,080	\$20,000	\$624,080	
2011	\$0	\$604,080	\$20,400	\$624,480	
2012	\$326,000	\$604,080	\$20,808	\$950,888	
2013	\$345,000	\$584,520	\$21,224	\$950,744	
2014	\$366,000	\$1,116,400	\$31,649	\$1,514,049	
2015	\$388,000	\$1,094,440	\$32,282	\$1,514,722	
2016	\$411,000	\$1,527,770	\$42,927	\$1,981,697	
2017	\$436,000	\$1,503,110	\$43,786	\$1,982,896	
2018	\$462,000	\$1,476,950	\$44,662	\$1,983,612	
2019	\$708,000	\$1,449,230	\$45,555	\$2,202,785	
2020	\$768,000	\$1,404,570	\$46,466	\$2,219,036	
2021	\$1,080,000	\$1,356,000	\$47,395	\$2,483,395	
2022	\$1,180,000	\$1,285,900	\$48,343	\$2,514,243	
2023	\$1,287,000	\$1,209,130	\$49,310	\$2,545,440	
2024	\$1,403,000	\$1,125,220	\$50,296	\$2,578,516	
2025	\$1,527,000	\$1,033,570	\$51,302	\$2,611,872	
2026	\$1,659,000	\$933,630	\$52,328	\$2,644,958	
2027	\$1,801,000	\$824,870	\$53,375	\$2,679,245	
2028	\$1,953,000	\$706,610	\$54,442	\$2,714,052	
2029	\$2,116,000	\$578,180	\$55,531	\$2,749,711	
2030	\$1,360,000	\$438,830	\$26,923	\$1,825,753	
2031	\$1,492,000	\$343,630	\$27,461	\$1,863,091	
2032	\$1,633,000	\$239,190	\$28,010	\$1,900,200	
2033	\$1,784,000	\$124,880	\$28,571	\$1,937,451	
Total	\$24,485,000	\$22,168,870	\$943,044	\$47,596,914	\$0

The Annual Assessment Part B for each Assessment Year and each component of the Annual Assessment Part B may be revised by the City as long as the total of the Annual Assessment Part B is not exceeded.

**Riverwalk Improvement District
City of Rock Hill, South Carolina**

Appendix B-2c

ANNUAL ASSESSMENTS FOR ASSESSMENT PART C

Assessment Year Ending	Principal	Interest	Administrative Expenses	Annual Assessment Part C	Annual Payment Part C
2010	\$0	\$749,560	\$20,000	\$769,560	(to be completed each year)
2011	\$0	\$749,560	\$20,400	\$769,960	
2012	\$0	\$749,560	\$20,808	\$770,368	
2013	\$0	\$749,560	\$21,224	\$770,784	
2014	\$0	\$1,700,930	\$31,649	\$1,732,579	
2015	\$0	\$1,700,930	\$32,282	\$1,733,212	
2016	\$0	\$1,700,930	\$32,927	\$1,733,857	
2017	\$0	\$1,700,930	\$33,586	\$1,734,516	
2018	\$0	\$1,700,930	\$34,258	\$1,735,188	
2019	\$0	\$1,700,930	\$34,943	\$1,735,873	
2020	\$0	\$1,700,930	\$35,642	\$1,736,572	
2021	\$0	\$1,700,930	\$36,354	\$1,737,284	
2022	\$0	\$1,700,930	\$37,081	\$1,738,011	
2023	\$0	\$1,700,930	\$37,823	\$1,738,753	
2024	\$0	\$1,700,930	\$38,580	\$1,739,510	
2025	\$0	\$1,700,930	\$39,351	\$1,740,281	
2026	\$0	\$1,700,930	\$40,138	\$1,741,068	
2027	\$24,299,000	\$1,700,930	\$40,941	\$26,040,871	
Total	\$24,299,000	\$26,811,260	\$587,986	\$51,698,246	\$0

The Annual Assessment Part C for each Assessment Year and each component of the Annual Assessment Part C may be revised by the City as long as the total of the Annual Assessment Part C is not exceeded.

**RIVERWALK IMPROVEMENT DISTRICT
CITY OF ROCK HILL, SOUTH CAROLINA**

**Appendix A
to Assessment Roll**

Rate and Method of Apportionment of Assessment

A. INTRODUCTION

The City of Rock Hill has authorized the funding of public improvements for the benefit of the Assessed Property (as defined below) by its passing of the Improvement Plan for the Riverwalk Municipal Improvement District. Bonds are to be issued to fund the public improvements. Assessments (as defined below) are being levied for the repayment of the Bonds (as defined below). The Assessments are shown in the Assessment Roll, to which this Appendix A is attached. This document includes the terms and provisions for the collection of the Assessments for the purposes of repaying the Bonds and paying Administrative Expenses.

The Assessments shall be imposed upon and collected annually from real property within the Riverwalk Improvement District of the City of Rock Hill through the application of the procedures described below. The Assessments shall be effective upon the initial issuance of the Bonds. The City of Rock Hill or its designee shall make all determinations in this Rate and Method of Apportionment of Assessment unless stated otherwise.

The Assessments are being accounted for in three parts: the Assessment Part A, Assessment Part B and Assessment Part C, as defined below. These separate parts of the Assessments are an accounting convention utilized to account for the portion of the Assessments applied to repay different series of Bonds.

B. DEFINITIONS

The terms used herein shall have the following meanings:

“Adjusted Annual Assessment Part B” shall mean the adjusted annual assessment for Assessment Part B calculated pursuant to Section D.2. below.

“Administrative Expenses” means the following actual or budgeted costs, as applicable, directly related to the administration of the Improvement District: the costs of computing the Annual Payments; the costs of collecting the Annual Payments (whether by the City or otherwise); the costs of remitting the Annual Payments to the Trustee; the costs of the Administrator and Trustee (including legal counsel) in the discharge of their duties related to the Bonds and the Improvement District; the costs of the City of complying with arbitrage rebate requirements; the costs of the City of complying with securities disclosure requirements; and any other costs of the City in any way related to the administration and operation of the Improvement District, including, without limitation, the costs of legal counsel and other consultants and

advisors, and costs related to commencing foreclosure and pursuing collection of delinquent Annual Payments, including contingencies and reserves for Administrative Expense as deemed appropriate by the City Council. Administrative Expenses shall be allocated between Assessment Part A, Assessment Part B and Assessment Part C as reasonably determined by the Administrator.

“Administrator” means the designee of the City who shall have the responsibilities set forth herein for the Administrator and such other duties and responsibilities as provided for by the City.

“Annual Assessment” means either or all of the Annual Assessment Part A, the Annual Assessment Part B, and the Annual Assessment Part C.

“Annual Assessment Part A” means the scheduled portion of the Assessment Part A as set forth in Appendix B-1 and B-2 due and payable each Assessment Year for all Parcels in the District. The Annual Assessment Part A shown on Appendix B-1 and Appendix B-2 for each Assessment Year may be revised to reflect the payments due on the Bonds and Administrative Expenses as long as the total of the Assessment Part A is not exceeded.

“Annual Assessment Part B” means the scheduled portion of the Assessment Part B as set forth in Appendix B-1 and B-2 due and payable each Assessment Year for all Parcels in the District. The Annual Assessment Part B shown on Appendix B-1 and Appendix B-2 for each Assessment Year may be revised to reflect the payments due on the Bonds and Administrative Expenses as long as the total of the Assessment Part B is not exceeded.

“Annual Assessment Part C” means the scheduled portion of the Assessment Part C as set forth in Appendix B-1 and B-2 due and payable each Assessment Year for all Parcels in the District. The Annual Assessment Part C shown on Appendix B-1 and Appendix B-2 for each Assessment Year may be revised to reflect the payments due on the Bonds and Administrative Expenses as long as the total of the Assessment Part C is not exceeded.

“Annual Parcel Assessment” means either or all of the Annual Parcel Assessment Part A, the Annual Parcel Assessment Part B, and the Annual Parcel Assessment Part C.

“Annual Parcel Assessment Part A” means the Annual Assessment Part A as allocated to each Parcel, which shall be allocated to each Parcel of Assessed Property in proportion to the Assessment Part A for each Parcel as set forth in Section C hereof.

“Annual Parcel Assessment Part B” means the Annual Assessment Part B as allocated to each Parcel, which shall be allocated to each Parcel of Assessed Property in proportion to the Assessment Part B for each Parcel as set forth in Section C hereof.

“Annual Parcel Assessment Part C” means the Annual Assessment Part C as allocated to each Parcel, which shall be allocated to each Parcel of Assessed Property in proportion to the Assessment Part C for each Parcel as set forth in Section C hereof.

“Annual Part B Credit” means, for each Parcel for each Assessment Year, the Tax Increment Revenues expected to be available in the calculation of the Annual Revenue Requirement Part B for the Assessment Year for which the calculation is being made allocable to that Parcel; provided, however, that the Annual Part B Credit for a Parcel in any Assessment Year shall not exceed the Annual Assessment Part B for the Parcel in such Assessment Year. For purposes of calculating the Tax Increment Revenue for each Parcel, the base year tax revenues shall be allocated to each Parcel on the basis of the total of the tax revenues from which the Tax Increment Revenues are calculated. For example, the base year real property tax revenues would be allocated to each Parcel in proportion to the total real property tax revenues of the Parcel divided by the total real property taxes of all parcels in the Improvement District (using the total real property tax revenues from which the Tax Increment Revenues are calculated).

“Annual Payment” means either or all the Annual Payment Part A, the Annual Payment Part B and the Annual Payment Part C. The full amount of the Annual Parcel Assessment may not be required to be collected from each Parcel as a result of adjustments in the Annual Revenue Requirement. As a result, the Annual Payment may be less than, but may not be greater than the Annual Parcel Assessment.

“Annual Payment Part A” means, for each Parcel, the portion of the Annual Payment Part A to be collected each Assessment Year calculated as provided for in Section D.

“Annual Payment Part B” means, for each Parcel, the portion of the Annual Payment Part B to be collected each Assessment Year calculated as provided for in Section D.

“Annual Payment Part C” means, for each Parcel, the portion of the Annual Payment Part C to be collected each Assessment Year calculated as provided for in Section D.

“Annual Payment Rate Part A” means, \$850 per Equivalent Unit for the 2009-2010 Assessment Year, and for each subsequent Assessment Year, an amount equal to 102% of the Annual Payment Rate Part A in effect for the previous Assessment Year, or such other rate determined by the City to be sufficient to repay the Series A Bonds over the scheduled term of such Bonds. The Annual Payment Rate Part A may not exceed the Assessment Part A for a Parcel (that is, once the Assessment Part A has been fully repaid for a Parcel, the Annual Payment Rate Part A for such Parcel shall be zero).

“Annual Payment Rate Part C” means an amount per Equivalent Unit calculated as the amount required to meet the Annual Revenue Requirement Part C once all of the Series C Bonds have been issued if paid by all of the Assessed Property subject to the Assessment Part C. The Annual Payment Rate Part C may not exceed the Assessment Part C for a Parcel (that is, once the Assessment Part C has been fully repaid for a Parcel, the Annual Payment Rate Part C for such Parcel shall be zero).

“Annual Revenue Requirement” means either or all the Annual Revenue Requirement Part A, the Annual Revenue Requirement Part B, and the Annual Revenue Requirement Part C.

“Annual Revenue Requirement Part A” means, for any Assessment Year, the sum of the following: (1) Debt Service Expenses Part A and (2) Administrative Expenses; less Other Available Funds Part A.

“Annual Revenue Requirement Part B” means, for any Assessment Year, the sum of the following: (1) Debt Service Expenses Part B and (2) Administrative Expenses; less (a) Tax Increment Revenues and (b) Other Available Funds Part B.

“Annual Revenue Requirement Part C” means, for any Assessment Year, the sum of the following: (1) Debt Service Expenses Part C and (2) Administrative Expenses; less Other Available Funds Part C.

“Assessed Property” means, for any Assessment Year, Parcels within the Improvement District other than Non-Benefited Property.

“Assessment” means either or all of Assessment Part A, Assessment Part B, and Assessment Part C.

“Assessment Part A” means the Assessment Part A as shown on Assessment Roll, as it may be reapportioned, reduced, or terminated pursuant to the provisions herein. The total of the Assessment Part A for all of the Parcels equals the principal amount of the Series A Bonds to be issued, interest payable on the Series A Bonds for each year, and the Administrative Expenses, less any reduction pursuant to Section C.3. The Assessment Part A is payable by each Parcel as the Annual Parcel Assessment Part A as set forth herein and may be or required to be prepaid as set forth in Section I.

“Assessment Part B” means the Assessment Part B as shown on Assessment Roll, as it may be reapportioned, reduced, or terminated pursuant to the provisions herein. The total of the Assessment Part B for all of the Parcels equals the principal amount of the Series B Bonds to be issued, interest payable on the Series B Bonds for each year, and the Administrative Expenses, less any reduction pursuant to Section C.3. The Assessment Part B is payable by each Parcel as the Annual Parcel Assessment Part B as set forth herein and may be or required to be prepaid as set forth in Section I.

“Assessment Part C” means the Assessment Part C as shown on Assessment Roll, as it may be reapportioned, reduced, or terminated pursuant to the provisions herein. The total of the Assessment Part C for all of the Parcels equals the principal amount of the Series C Bonds to be issued, interest payable on the Series C Bonds for each year, and the Administrative Expenses, less any reduction pursuant to Section C.3. The Assessment Part C is payable by each Parcel as the Annual Parcel Assessment Part C as set forth herein and may be or required to be prepaid as set forth in Section I.

“Assessment Ordinance” means the ordinance of the City Council correcting or confirming the Assessment Roll, as it may be amended, modified, or supplemented from time to time.

“Assessment Roll” means the Assessment Roll to which this Rate and Method of Apportionment of Assessment is attached as Appendix A, as corrected or confirmed by the Assessment Ordinance, including Appendix B-1 and B-2 attached hereto, as these appendices are updated from time to time by the City in accordance with the procedures set forth herein.

“Assessment Year” means the annual cycle in which the Annual Assessments and Annual Payments are determined each year for each Parcel, the Annual Payments are collected, and these revenues applied to the payments on the Bonds.

“Bond Indenture” means the indentures or similar documents setting forth the terms and other provisions relating to the Bonds, as modified, amended and/or supplemented from time to time.

“Bond Ordinance” means the ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended and/or supplemented from time to time.

“Bonds” means either or all of the Series A Bonds, the Series B Bonds, and the Series C Bonds.

“Class 1 Property” means Assessed Property that is or is intended to be developed as detached single family dwelling units, including ancillary uses thereto.

“Class 2 Property” means Assessed Property that is or is intended to be developed as attached residential units, including but not limited to, townhomes, flats, lofts, and other similar structures used primarily for residential purposes excluding Class 1 Property and Class 3 Property, including any ancillary uses thereto.

“Class 3 Property” means Assessed Property that is or is intended to be developed as multifamily rental units under common management (e.g., apartments), including any ancillary uses thereto.

“Class 4 Property” means Assessed Property that is primary used or intended for use as a hotel, including any ancillary uses thereto.

“Class 5 Property” means Assessed Property that is primary used or intended for use as office space, including any ancillary uses thereto.

“Class 6 Property” means Assessed Property that is primary used or intended for use as retail, including any ancillary uses thereto.

“Class 7 Property” means Assessed Property that is primary used or intended for use as industrial, distribution, manufacturing, or any combination thereof, including any ancillary uses thereto

“City” means City of Rock Hill, South Carolina.

“City Council” means the City Council of the City.

“Debt Service Expenses Part A” means regularly scheduled debt service on the Series A Bonds and periodic costs associated with such Series A Bonds, including but not limited to rebate payments and credit enhancement on the Series A Bonds, for an Assessment Year.

“Debt Service Expenses Part B” means regularly scheduled debt service on the Series B Bonds and periodic costs associated with such Series B Bonds, including but not limited to rebate payments and credit enhancement on the Series B Bonds, for an Assessment Year.

“Debt Service Expenses Part C” means regularly scheduled debt service on the Series C Bonds and periodic costs associated with such Series C Bonds, including but not limited to rebate payments and credit enhancement on the Series C Bonds, for an Assessment Year

“Date of Classification” means January 1 of each year or such other date determined by the City on which property is classified for purposes of updating the Assessment Roll and determining the Annual Payment to be collected from each Parcel.

“Developed Property” means, for Assessment Part A, Assessed Property within an Improvement Area Part A, and for the Assessment Part C, Assessed Property within an Improvement Area Part C.

“District Improvements” means those certain improvements that the City has been authorized to provide for the benefit of the Improvement District.

“Equivalent Units” means, for Class 1 Property, Class 2 Property, and Class 3 Property, the number of units built or expected to be built on the Parcel, for Class 4 Property, the number of rooms built or expected to be built on the Parcel, and for Class 5 Property, Class 6 Property and Class 7 Property, each 1,000 square feet of usable property built or expected to be built on the Parcel, multiplied by the following factors:

<i>Class</i>	<i>Assessment Part A Equivalent Unit</i>	<i>Assessment Part B Equivalent Unit</i>	<i>Assessment Part C Equivalent Unit</i>
1	1.00 per unit	1.00 per unit	1.00 per unit
2	0.62 per unit	0.62 per unit	0.62 per unit
3	0.39 per unit	0.39 per unit	0.39 per unit
4	0.33 per room	0.33 per room	0.33 per room
5	0.64 per 1,000 square feet	0.64 per 1,000 square feet	0.64 per 1,000 square feet
6	0.60 per 1,000 square feet	0.60 per 1,000 square feet	0.60 per 1,000 square feet
7	0.00 per 1,000 square feet	0.29 per 1,000 square feet	0.29 per 1,000 square feet

The computation of the Equivalent Units as to a Parcel shall be calculated by the Administrator and confirmed by the City, based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive as long as there is a reasonable basis for such determination. The amount of development to be built on a Parcel may be estimated by net land area and reasonable density ratios. Class of property shall be determined by the description that is most similar to the Parcels being classified.

“Improvement Area Part A” means an area identified in conjunction with the issuance of Series A Bonds as the property primarily improved with the proceeds of those Bonds.

“Improvement Area Part C” means an area identified in conjunction with the issuance of Series C Bonds as the property primarily improved with the proceeds of those Bonds.

“Improvement District” means the Riverwalk Municipal Improvement District of the City.

“Mandatory Assessment Prepayment” shall mean a mandatory prepayment of Assessments pursuant to Section I.2.

“MID Act” means Title 5, Chapter 37 of the Code of Laws of South Carolina 1976, as amended and in effect from time to time.

“Maximum Annual Parcel Assessment” means either any or all of the Maximum Annual Parcel Assessment Part A, Maximum Annual Parcel Assessment Part B, and Maximum Annual Parcel Assessment Part C.

“Maximum Annual Parcel Assessment Part A” means an Annual Payment Rate Part A per Equivalent Unit of \$1,000 for the 2009-2010 Assessment Year and 102% of such amount for each subsequent Assessment Year.

“Maximum Annual Parcel Assessment Part B” means the maximum allowable Annual Parcel Assessment Part B per equivalent unit provided for in a Trust Indenture or other agreement relating to the Series B Bonds.

“Maximum Annual Parcel Assessment Part C” means the maximum allowable Annual Parcel Assessment Part C per equivalent unit provided for in a Trust Indenture or other agreement relating to the Series C Bonds.

“Non-Benefited Property” means Parcels within the boundaries of the Improvement District owned by or irrevocably offered for dedication to the federal government, the State of South Carolina, the City or any instrumentality of any of the forgoing, or any other public agency or easements that create an exclusive use for a public utility provider, or Owner Association Property.

“Other Available Funds Part A” means any other funds available pursuant to the Bond Indenture to apply to the Annual Revenue Requirement Part A for an Assessment Year, such as

capitalized interest and interest earnings on any account balances, plus any other funds available to the Improvement District that may be applied to the Annual Revenue Requirement Part A, less any contingencies for the Annual Revenue Requirement Part A.

“Other Available Funds Part B” means any other funds available pursuant to the Bond Indenture to apply to the Annual Revenue Requirement Part B for an Assessment Year, such as capitalized interest and interest earnings on any account balances, plus any other funds available to the Improvement District that may be applied to the Annual Revenue Requirement Part B, less any contingencies for the Annual Revenue Requirement Part B.

“Other Available Funds Part C” means any other funds available pursuant to the Bond Indenture to apply to the Annual Revenue Requirement Part C for an Assessment Year, such as capitalized interest and interest earnings on any account balances, plus any other funds available to the Improvement District that may be applied to the Annual Revenue Requirement Part C, less any contingencies for the Annual Revenue Requirement Part C.

“Owner Association Property” means Parcels within the boundaries of the Improvement District owned by or irrevocably offered for dedication to a property owners’ association (if not used in a trade or business) and available for use by property owners in general.

“Parcel” means parcels within the Improvement District identified with a tax map identification number assigned for real property tax collection purposes or any other form of legal identification approved by the City for purpose of imposing and collecting Assessments.

“Principal Portion of the Assessment” means either or all of the Principal Portion of Assessment Part A, the Principal Portion of Assessment Part B, and the Principal Portion of the Assessment Part C. The Principal Portion of the Assessment is equal to the principal amount of the Bonds to be issued.

“Principal Portion of the Assessment Part A” means, for each Parcel, the Principal Portion of the Assessment Part A as shown on Appendix B-1 hereto as Appendix B-1 may be updated from time to time as provided for herein. The Principal Portion of Assessment Part A may be increased for refunding bonds or other reasons as long as the total of the Assessment Part A for each Parcel is not increased. The Principal Portion of the Assessment Part A shall be allocated to each Parcel of Assessed Property in proportion to the Assessment Part A for each Parcel as set forth in Section C hereof.

“Principal Portion of the Assessment Part B” means, for each Parcel, the Principal Portion of the Assessment Part B as shown on Appendix B-1 hereto as Appendix B-1 may be updated from time to time as provided for herein. The Principal Portion of Assessment Part B may be increased for refunding bonds or other reasons as long as the total of the Assessment Part B for each Parcel is not increased. The Principal Portion of the Assessment Part B shall be allocated to each Parcel of Assessed Property in proportion to the Assessment Part B for each Parcel as set forth in Section C hereof.

“Principal Portion of the Assessment Part C” means, for each Parcel, the Principal Portion of the Assessment Part C as shown on Appendix B-1 hereto as Appendix B-1 may be updated from time to time as provided for herein. The Principal Portion of Assessment Part C may be increased for refunding bonds or other reasons as long as the total of the Assessment Part C for each Parcel is not increased. The Principal Portion of the Assessment Part C shall be allocated to each Parcel of Assessed Property in proportion to the Assessment Part C for each Parcel as set forth in Section C hereof.

“Series A Bonds” means any bonds issued or other debt incurred by the City pursuant to the MID Act and secured by the Assessment Part A, including any bonds issued to refund such bonds.

“Series B Bonds” means any bonds issued or other debt incurred by the City pursuant to the TIF Act and secured by the Tax Increment Revenues and the Assessment Part B, including any bonds issued to refund such bonds.

“Series C Bonds” means any bonds issued or other debt incurred by the City pursuant to the MID Act and secured by the Assessment Part C, including any bonds issued to refund such bonds.

“Tax Increment Revenues” means all of the incremental real property tax revenues pursuant to the TIF Act and attributable to real property located in the Improvement District available to be applied to the repayment of the Series B Bonds pursuant to the Bond Indenture for an Assessment Year.

“TIF Act” means Title 31, Chapter 6 of the Code of Laws of South Carolina 1976, as amended and in effect from time to time.

“Trustee” means the trustee as specified in the Bond Ordinance, including any successor trustee.

“Undeveloped Property” means Assessed Property not classified as Developed Property .

C. THE ASSESSMENT

1. The Amount of the Assessment

The Assessment for each Parcel within the Improvement District is shown on the Assessment Roll and Appendix B-1 attached hereto. The Assessment for each Parcel shall not be changed hereafter except pursuant to the provisions provided for herein and in the Assessment Roll. The Assessment for each Parcel shall not be otherwise reduced after the issuance of Bonds except as provided below. The City may reallocate the Assessments between Assessment Part A, Assessment Part B, and Assessment Part C to reflect the actual or proposed issuance of Bonds as long as the reallocation does not cause the Maximum Annual Parcel Assessment Part A, the Maximum Annual Parcel Assessment Part B, or the Maximum Annual Parcel Assessment Part C to be exceeded.

2. Reallocation of the Assessment

a. Request by Owner

The City may, upon complying with the provisions of any applicable law, reallocate the Assessment on some or all of the Parcels upon the unanimous request of the owners of the Parcels for which the Assessment is to be reallocated if there has been a change in the estimate of the Equivalent Units applicable to one of the Parcels. The reallocation shall be made pursuant to the most current estimate of the Equivalent Units of each Parcel as a percent of the total of the Equivalent Units for the all of the Parcels for which the Assessment is to be reallocated, with the Assessment Part A, Assessment Part B and the Assessment Part C being calculated separately. In all cases, the sum of the Assessment Part A, Assessment Part B and Assessment Part C after the reallocation of the Assessments pursuant to this section shall equal the total Assessment Part A, Assessment Part B and Assessment Part C, respectively, before the reallocation of Assessment.

b. Subdivision of a Parcel

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be allocated to each new Parcel in proportion to the Equivalent Units of each Parcel and the Assessment for the undivided Parcel prior to the subdivision. The allocation of the Assessment shall be made pursuant to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment of the new Parcel
- B = the Assessment of the undivided Parcel prior to the subdivision
- C = the Equivalent Units of the new Parcel
- D = the sum of the Equivalent Units for all of the new Parcels that result from the subdivision

The Assessment Part A, Assessment Part B and Assessment Part C shall be calculated separately for purposes of reallocating the Assessments. In all cases, the sum of the Assessment Part A, Assessment Part B and Assessment Part C after the subdivision of a Parcel shall equal the total of the Assessment Part A, Assessment Part B, and Assessment Part C, respectively, before the subdivision of the Parcel.

c. Consolidation of a Parcel

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessment for the Parcels prior to consolidation.

The Assessment Part A, Assessment Part B and Assessment Part C shall be calculated separately for purposes of reallocating the Assessments. In all cases, the sum of the Assessment Part A, Assessment Part B and Assessment Part C after the consolidation of two or more Parcels shall

equal the total of the Assessment Part A, Assessment Part B, and Assessment Part C, respectively, before the consolidation of the Parcels.

3. Reduction in the Assessment

a. Reduction in Costs

If there are excess Bond proceeds to be applied to redeem Bonds or if the costs to be incurred to be paid by the Assessments are reduced, such that the Assessments exceed the requirements to be paid by the Assessments, as determined by the City, the Assessment for each Parcel of Assessed Property shall be reduced such that the Assessment for all Parcels equals the principal and interest coming due on the Bonds issued and to be issued to maturity plus Administrative Expenses. The reduction to each Parcel shall be as follows: (i) In the event the District Improvements have been completed, the reduction of the Assessment shall be applied in equal percentage to each Parcel; (ii) in the event the District Improvements have not been completed, the reduction of the Assessment shall be applied pro rata according to the improvements made to each Parcel pursuant to the expenditures of funds under the Bond Ordinance, taking into consideration the benefit basis of the allocation of Assessment in the Assessment Roll. The City may, upon compliance with any applicable law, reduce the Assessment for each Parcel in another manner under this section if the City determines another method would be more equitable.

The reduction in Assessments would apply to Assessment Part A, Assessment Part B and Assessment Part C respectively according to which Bonds were called, pursuant to the Bond Indentures.

The Assessment for all Parcels as reduced according to the provisions of this section shall not be reduced to an amount that is less than the outstanding principal and interest on the Bonds to maturity (excluding Bonds defeased but not redeemed) and Administrative Expenses.

The Principal Portion of the Assessment for each Parcel shall be reduced for any reduction in the Assessment for that Parcel that results in a reduction in the principal portion of any Bonds issued or to be issued.

b. Payment of Bonds

The Assessment for any Parcel shall be reduced each Assessment Year for the Annual Payment collected from such Parcel and for the reductions in costs that results from any Mandatory Assessment Prepayment required for the Parcel. The Principal Portion of the Assessment for a Parcel shall be reduced for the portion of the Annual Payment collected from such Parcel that represents repayment of principal on the Bonds. The Principal Portion of the Assessment for a Parcel shall be reduced for any Mandatory Assessment Prepayment collected from the Parcel that results in a reduction in the principal portion of any Bonds issued or to be issued. The reduction in the Assessment Part A, Assessment Part B, and Assessment Part C, shall be calculated separately. The reduction in the Principal Portion of the Assessment Part A, Principal Portion of the Assessment Part B, and Principal Portion of the Assessment Part C shall be calculated separately.

D. METHOD OF DETERMINING THE ANNUAL PAYMENT

Commencing with the Annual Payment to be collected in the 2010-2011 Assessment Year and for each following Assessment Year through the termination of the collection of the Assessments, the Administrator shall calculate and the City shall confirm the Annual Payment for each Parcel calculated each Assessment Year.

The Annual Payments as calculated shall be collected from each Parcel of Assessed Property as provided in Section E.

1. Annual Payment Part A

a. Developed Property

The Annual Payment Part A for each Parcel of Developed Property for which the Assessment Part A has not been prepaid shall be equal to the lesser of (i) the Annual Parcel Assessment Part A for such Parcel for the Assessment Year, and (ii) the amount calculated by the following formula:

$$A = B \times C$$

Where the terms have the following meaning:

- A = the Annual Payment Part A for a Parcel of Developed Property
- B = the number of Equivalent Units of the Parcel
- C = the Annual Payment Rate Part A for the Assessment Year for which the calculation is being made.

The Annual Payment Part A for any Parcel for which the Assessment Part A has been prepaid in full or part shall be reduced by the percentage by which the Assessment Part A has been prepaid.

b. Undeveloped Property

The Annual Payment Part A for each Parcel of Undeveloped Property for which the Assessment Part A has not been prepaid shall be equal to the lesser of (i) the Annual Parcel Assessment Part A for such Parcel for the Assessment Year, and (ii) the amount calculated by the following formula:

$$A = [(B - C) \div D] \times E$$

Where the terms have the following meaning:

- A = the Annual Payment Part A for a Parcel of Undeveloped Property
- B = the Annual Revenue Requirement Part A for the Assessment Year

- C = the Annual Payment Part A to be collected from all Parcels of Developed Property
- D = the number of Equivalent Units for all Parcels of Undeveloped Property
- E = the number of Equivalent Units of the Parcel

2. Annual Payment Part B

The Annual Payment Part B for each Parcel shall be equal to the lesser of (but not less than zero) (i) the Annual Parcel Assessment Part B for such Parcel for the Assessment Year, and (ii) the amount calculated by the following formula:

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

Where the terms have the following meaning:

- A = the Annual Payment Part B Parcel for a Parcel
- B = the Annual Revenue Requirement Part B for the Assessment Year for which the Annual Payment is being calculated
- C = the Adjusted Annual Assessment Part B for the Parcel
- D = the Adjusted Annual Assessment Part B for all Parcels

The Adjusted Annual Assessment Part B for a Parcel shall equal the Annual Parcel Assessment Part B less the Annual Part B Credit for the Parcel.

3. Annual Payment Part C

a. Developed Property

The Annual Payment Part C for each Parcel of Developed Property for which the Assessment Part C has not been prepaid shall be equal to the lesser of (i) the Annual Parcel Assessment Part C for such Parcel for the Assessment Year, and (ii) the amount calculated by the following formula:

$$A = B \times C$$

Where the terms have the following meaning:

- A = the Annual Payment Part C for a Parcel of Developed Property
- B = the number of Equivalent Units of the Parcel
- C = the Annual Payment Rate Part C for the Assessment Year for which the calculation is being made.

The Annual Payment Part C for any Parcel for which the Assessment Part C has been prepaid in full or part shall be reduced by the percentage by which the Assessment Part C has been prepaid.

b. Undeveloped Property

The Annual Payment Part C for each Parcel of Undeveloped Property for which the Assessment Part C has not been prepaid shall be equal to the lesser of (i) the Annual Parcel Assessment Part C for such Parcel for the Assessment Year, and (ii) the amount calculated by the following formula:

$$A = [(B - C) \div D] \times E$$

Where the terms have the following meaning:

- A = the Annual Payment Part C for a Parcel of Undeveloped Property
- B = the Annual Revenue Requirement Part C for the Assessment Year
- C = the Annual Payment Part C to be collected from all Parcels of Developed Property
- D = the number of Equivalent Units for all Parcels of Undeveloped Property
- E = the number of Equivalent Units of the Parcel

E. MANNER OF COLLECTION OF ANNUAL PARCEL ASSESSMENT

Annual Payments shall be collected in the same manner as regular ad valorem property taxes or in any manner permitted by law as determined by the City in an amount that does not exceed the Annual Payment for each Parcel.

F. UPDATING THE ASSESSMENT ROLL

In order to facilitate the collection of the Assessment, the City shall update Appendix B-1 and B-2 of Assessment Roll each Assessment Year to reflect (i) the current Parcels in the Improvement District, (ii) the Assessment for each Parcel, including any adjustments to the Assessment as provided for in Section C, (iii) the Principal Portion of the Assessment for each Parcel; (iv) the Annual Assessment and the Annual Parcel Assessment for each Parcel, (v) the Annual Payment to be collected from each Parcel for the current Assessment Year, (vi) any changes in the Annual Assessments (without increasing the total of the Annual Assessments as shown in Appendix B-1), (vii) prepayments of the Assessment as provided for herein, and (ix) termination of the Assessment as provided for herein. All information shall be updated for the Assessment Part A, the Assessment Part B and the Assessment Part C.

G. ADMINISTRATIVE REVIEW

An owner of a lot claiming that a calculation error has been made in the update of Appendix B-1 and B-2 in any Assessment Year, including the calculation of the Annual Payment, shall send a written notice describing the error to the Administrator (or such other person or entity as may be designated by the City to hear such claims) not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator (or such other person or entity as may be designated by the City) shall promptly review the notice, and if necessary, meet with the property owner, consider written and oral

evidence regarding the alleged error and report to the City whether, in fact, such a calculation error occurred.

If the City determines that a calculation error has been made that requires Appendix B-1 or B-2 (including the Annual Payment for a Parcel) to be modified or changed in favor of property owners, a cash refund shall not be made for any amount previously paid by owners (except for the final Assessment Year during which the Annual Parcel Assessment shall be collected or if the Administrator determines there are otherwise sufficient funds available to meet the Annual Revenue Requirement for an Assessment Year), but an adjustment shall be made in the amount of the Annual Parcel Assessment to be paid in the following Assessment Year. The decision of the City regarding a calculation error relating to the Assessment Roll shall be conclusive as long as there is a reasonable basis for the determination.

H. TERMINATION OF THE COLLECTION OF ASSESSMENTS

Except for any delinquent Annual Parcel Assessments and related penalties and interest, the Assessment on each Parcel may not be collected after the earlier of (a) the stated term of the Bonds and (b) the date on which such Assessment is prepaid or paid in full as provided for herein.

I. PREPAYMENT OF ASSESSMENT

1. Voluntary Prepayment of Assessment

The Assessment on any Parcel may be prepaid in full at any time, the Assessment for such Parcel may be reduced to zero, and the obligation to pay the Annual Parcel Assessments for such Parcel may be permanently satisfied, by payment of an amount calculated according to the following provisions:

- a. A sum equal to the Principal Portion of the Assessment for the Parcel less the reduction that will occur in the Principal Portion of the Assessments from the Annual Payment collected or to be collected in that Assessment Year and not yet applied to the Principal Portion of the Assessment; less,
- b. If the prepayment will result in a redemption of the Bonds under the Bond Ordinance, the amount, if any, by which any debt service or other reserve fund under the Bond Ordinance will be reduced as a result of such redemption; plus,
- c. The Annual Payment for such Parcel for the Assessment Year in which such prepayment occurs, if not previously paid, plus appropriate adjustments as determined by the Administrator for the amount needed to pay interest on the outstanding Bonds to be redeemed to and including the redemption date less the investment earnings on the prepayment amount until the applicable Bonds can be called and redeemed, after taking into consideration the Annual Payment previously paid; plus,
- d. Expenses related to the prepayment of the Assessment allocable to such Parcel.

Upon payment of the amount calculated above to the City, the City shall forward such amount less expenses related to the prepayment of the Assessment to the Trustee. Upon the payment of such amounts to the City, the obligation to pay the Assessment for the Parcel shall be deemed to be permanently satisfied, the Assessment with respect to the Parcel shall be reduced to zero, the Annual Parcel Assessment for such Parcel shall not be collected thereafter, and the City shall promptly provide to each owner of a Parcel for which the Assessment has been prepaid a recordable document (or provide for the recordation of such document) evidencing the termination of the imposition and collection of the Assessment.

The Assessment on any Parcel may also be prepaid in part, at any time, upon receipt by or for the account of the City of an amount sufficient (in the sole discretion of the Administrator) to permit the redemption of the Bonds (for payments of all or a portion of the Assessment) pursuant to the Bond Indenture, in such amounts determined by the Administrator, in its sole discretion. The amount of any partial prepayment shall be computed by multiplying the Assessment prepayment amount calculated in the first paragraph of this section by the percent of the Assessment to be prepaid. The Assessment and the Annual Assessment shall not be reduced to zero but shall be reduced by the percent actually prepaid for the applicable Assessment.

2. Mandatory Prepayment of Assessment

a. Non-Benefited Property

A Mandatory Assessment Prepayment shall be required on any Parcel that is acquired by a person or entity that results in the Parcel being classified as Non-Benefited Property, if the Assessment may not be reapportioned to a Parcel of Assessed Property as provided for herein. In the event an entire Parcel becomes Non-Benefited Property such that the Assessment, or part of the Assessment, cannot be reallocated to any Parcel of Assessed Property pursuant to the provisions herein, the Assessment shall become immediately due and payable in an amount calculated as a prepayment of the Assessment and shall be collected from proceeds of a sale, condemnation, or other form of compensation for the property or from any other legally available source of funds.

b. Maximum Annual Parcel Assessment

A Mandatory Assessment Prepayment shall be required upon any event that would result in the Annual Parcel Assessment for a Parcel in any Assessment Year exceeding the Maximum Annual Parcel Assessment for that Assessment Year, including but not limited to a reduction in the estimated Equivalent Units for a particular Parcel. The Mandatory Assessment Prepayment shall be due from the Parcel (or any resultant Parcels) that results in the application of the provisions of this section.

The Mandatory Assessment Prepayment shall be calculated separately for Assessment Part A, Assessment Part B, and Assessment Part C.

The Mandatory Assessment Prepayment shall be calculated as set forth in Section I.1., with the Principal Portion of the Assessment being prepaid such that the Annual Parcel Assessment per Equivalent Unit does not exceed the Maximum Annual Parcel Assessment per Equivalent Unit.

c. General Provisions

The amounts calculated in the preceding formula shall be paid to the City and shall be used to pay and redeem, discharge, or defease the Bonds pursuant to the Bond Ordinance and to pay the Administrative Expenses associated with the Mandatory Assessment Prepayment.

The Mandatory Assessment Prepayment shall be due prior to the recordation, conveyance, or other action that results in a Mandatory Assessment Prepayment. In the event the Mandatory Assessment Prepayment is not paid prior to the change in any Parcel resulting in the Mandatory Assessment Prepayment, the total Mandatory Assessment Prepayment may be collected from any and all of the resulting Parcels of Assessed Property. The Mandatory Assessment Prepayment shall have the same sale and lien priorities as provided for Assessments generally.

Subsequent to the Mandatory Assessment Prepayment, the Assessment Roll shall be adjusted to account for the Mandatory Assessment Prepayment.

J. AMENDMENTS

Immaterial amendments may be made to this “Rate and Method of Apportionment of Assessment” by the City Council without further notice under the Act and without notice to owners of Parcels within the Improvement District. Immaterial amendments shall be those that (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the Assessment so as to assure its efficient collection, and (iii) do not impair the ability of the City to fulfill its obligations to impose and collect the Assessment and to make it available for the payment of the Bonds, Administrative Expenses, and other costs relating to the Improvement District.

K. INTERPRETATION OF PROVISIONS

The City Council shall make all interpretations and determinations related to the application of this “Rate and Method of Apportionment of Assessment,” unless stated otherwise herein or in the Bond Ordinance, and as long as there is a rational basis for the determination made by the City Council, such determination shall be conclusive.

L. SEVERABILITY

To the extent permitted by law, if any section or part of a section of this “Rate and Method of Apportionment of Assessment” is declared invalid or unenforceable, the validity, force, and effect of any other section or part of a section herein shall not thereby be affected or impaired unless such other section or part of a section herein is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unenforceable.

Exhibit B
Assessment Report

RIVERWALK MUNICIPAL IMPROVEMENT DISTRICT

CITY OF ROCK HILL, SOUTH CAROLINA

ASSESSMENT REPORT

Prepared By:

MuniCap, Inc.

August 5, 2009

RIVERWALK MUNICIPAL IMPROVEMENT DISTRICT CITY OF ROCK HILL, SOUTH CAROLINA

ASSESSMENT REPORT

Purpose of Report

The Riverwalk Municipal Improvement District (the "Improvement District") is being created to finance the costs of public improvements for the benefit of the property in the Improvement District, through the proposed issuance of Bonds or other debt (the "Bonds") by City of Rock Hill (the "City"). The proceeds from the sale of the Bonds will be used to defray the cost of the public improvements, pay Bond issuance costs, pay interest on the Bonds during construction, and fund a debt service reserve fund.

The City intends to impose assessments upon property within the Improvement District (other than the property which will not receive a benefit from the public improvements) (hereinafter referenced as the "assessments") to fund 1) the repayment of the principal amount of the Bonds to be issued by the City, 2) interest on the Bonds until repaid, and 3) administrative expenses of the Improvement District related to the Bonds. The assessments may be paid over the term of the Bonds or may be prepaid at any time. If not prepaid, the assessments will be collected in annual installments each year for the above-described purposes.

Title 5, Chapter 37 of the Code of Laws of South Carolina 1976, as amended (the "Act"), provides the legal authority for the creation of the Improvement District, the imposition of the assessments and the issuance of the Bonds. The Act provides that an assessment:

... may be based upon assessed value, front footage, area, per parcel basis, the value of improvements to be constructed within the district, or any combination of them, as the basis is determined by the governing body of the City. In the event the governing body of the municipality determines that another basis of assessment is appropriate or a more equitable allocation of costs among property owners is appropriate, it may substitute such method for any of the foregoing.

This report explains the method of allocating the assessments, and thereby the costs of the public improvements, to the property within the Improvement District as provided for in the assessment roll for the Riverwalk Municipal Improvement District.

Description of the Improvement District

The Improvement District consists of approximately 1,008 acres of a former industrial site located along the Catawba River in the City and is bounded on the north and east by the Catawba River and a rail line, on the south by a combination of I-77 and

small tax parcels, and on the west by US 21 (Cherry Road) and other small tax parcels. *Exhibit A* shows the location of the Improvement District, the property to be included in the Improvement District, and depicts Riverwalk's conceptual master plan. Cherry Road and Celriver Road will act as the primary entry points to the property within the Improvement District.

There are currently two tax parcels in the Improvement District, which are shown by Table A.

Table A
Tax parcels within the Improvement District

<i>Current Owner</i>	<i>Tax Map Number</i>	<i>Zoning</i>	<i>Acreage</i>
The Greens of Rock Hill, LLC	665 00 00 003	PDR and PDMEC	632.23
The Greens of Rock Hill, LLC	663 00 00 001	PDR and PDC	376.09

PDR = Planned Development Residential
 PDMEC = Planned Development Major Employment Center
 PDC = Planned Development Commercial
 Acreage Source: York County tax records.

The property in the Improvement District has previously been used as the Celanese Acetate Plant. The property is one of the largest brownfield and former textile mill redevelopment projects in the State of South Carolina. The property in the Improvement District is proposed to be a mixed-use development, including various residential types, retail, office, hospitality, and industrial uses. The industrial component is planned on the south side of Celriver Road, separate from the rest of the development site. The proposed uses are further described in the following Table B.

Table B
Projected Uses within the Improvement District

<i>Class</i>	<i>Description</i>	<i>Proposed Development</i>
1	Single Family House	737 Units
2	Town homes	310 Units
3	Apartments	500 Units
4	Hotel	120 Rooms
5	Office	135,000 square feet
6	Retail	407,500 square feet
7	Industrial	2,820,000 square feet

The City has approved the proposed uses of the property through an executed Planned Development Terms and Conditions agreement dated November 24, 2008.

Proposed Public Improvements

The purpose of the Improvement District, the assessments to be levied on the property in the Improvement District, and the Bonds to be issued with respect to the Improvement District is to finance all or a part of the costs of the public improvements as shown in the following Table C.

Table C
Estimated Costs of Public Improvements

<i>Public Improvement</i>	<i>Estimated Costs</i>
Collector roads, including paving, grading, engineering, utilities, landscaping	\$35,268,018
Improvements to Cherry Road and Celriver Road	\$1,250,000
General utility	\$913,868
Trails, parks, recreational facilities	\$7,500,915
Publicly owned buildings	\$3,500,000
Total improvement costs	\$48,432,800

A description of these improvements follows:

Collector roads

These improvements will provide roads, sidewalks, medians, landscaping and utilities within the development site.

Improvements to Cherry Road and Celriver Road

These improvements to Cherry Road and Celriver Road will include hardscaping, road widening, curbing, landscaping, and other standard road related improvements to the primary roads providing access to the Improvement District.

General utility

These improvements will relocate several high transmission lines located on the property that are owned by Duke Energy. The relocation of the transmission lines will

allow for the development infrastructure to be constructed as approved and allow the City to provide electrical service to the development.

Trails, parks, and recreational facilities

These improvements will provide paved and unpaved trails throughout the development, including along the Catawba River, parks throughout the Improvement District, and recreational facilities, including baseball and cycling facilities.

Publicly owned building

These improvements will provide a publically owned civic building, which is expected to be part of the planned Cycling and Outdoor Center of the Carolinas, will be used by the public for recreational purposes, health, and wellness.

The public improvements described above are all provided to meet the needs of the property in the Improvement District that result from the proposed development of the property. The public improvements described above service primarily the property within the Improvement District. The road improvements to Cherry Road and Celriver Road make improvements to existing facilities so that these facilities can meet the increased demand to be placed on the facilities as a result of the proposed development.

Projected Issuance of Bonds

Bonds are proposed to be issued by the City in one or more series to finance the costs of the public improvements described above. Further, it is anticipated that the City will issue different types of Bonds, including Tax Increment Financing bonds, Municipal Improvement District bonds supported by long term permanent assessments, and Municipal Improvement District bonds supported by a shorter term “paydown” assessment. Bond proceeds would be used to defray the costs of constructing such public improvements, fund a debt service reserve fund, pay bond issuance costs and pay interest coming due on the Bonds during construction. Interest income on the bond proceeds will act as a supplement to the bond proceeds before they are fully expended. Table D shows the estimated sources and uses of funds for the Bonds.

Table D
Sources and Uses of Funds

<i>Description</i>	<i>TIF/MID Bonds</i>	<i>MID Permanent Bonds</i>	<i>MID Pay Down Bonds</i>	<i>Total</i>
Sources of funds:				
Bond proceeds	\$24,485,000	\$19,200,000	\$24,299,000	\$67,984,000
Interest income on bond proceeds	\$149,593	\$103,749	\$130,587	\$383,929
Total sources of funds	\$24,634,593	\$19,303,749	\$24,429,587	\$68,367,929
Uses of funds:				
Public improvements	\$18,518,969	\$12,843,700	\$16,166,132	\$47,528,801
Bond issuance costs	\$650,000	\$500,000	\$500,000	\$1,650,000
Underwriter's discount	\$244,170	\$192,000	\$485,980	\$922,150
Capitalized interest	\$2,881,483	\$3,847,245	\$4,846,343	\$11,575,071
Reserve fund	\$2,338,994	\$1,920,000	\$2,429,900	\$6,688,894
Rounding	\$997	\$804	\$1,232	\$3,013
Total uses of funds	\$24,634,593	\$19,303,749	\$24,429,587	\$68,367,929

The actual issuance of the Bonds may vary from these estimates depending on whether multiple series of the Bonds are issued, the principal amounts and dates each series of the Bonds are issued, the interest rates applicable to each series of the Bonds, the cost of issuing each series of the Bonds, reinvestment rates on bond proceeds, and other factors.

Bond issuance costs include legal fees, financial consulting fees, the cost of studies, the set-up and first year's fee of the trustee, trustee's counsel, City expenses, document printing costs and other miscellaneous costs related to the issuance of Bonds. The underwriter's discount is estimated at one percent of the Bonds issued.

Capitalized interest on the Bonds fund the interest on the Bonds for up to thirty-six months to allow time for the public improvements to be constructed, for the property to be added to the property tax roll, and assessments to be collected from the property and applied to the payment of the debt service on the Bonds.

The purpose of the reserve fund is to ensure there are sufficient funds to pay debt service should it be necessary to take action to collect delinquent assessments. The proceeds in the reserve fund are invested and the income is applied to the annual debt service on the Bonds. The reserve fund itself is intended to eventually be applied to the repayment of the Bonds.

Projected Debt Service

A schedule showing projected debt service, including administrative costs, to be funded by assessments, is included as Exhibit B. Interest is assumed to be either 6.0% or 7.0% per year, depending on the specific series of bonds. The assessments will be reduced pursuant to the rate and method of apportionment of assessments for any reductions in debt service, including reductions due to a lower interest rate.

The projected debt service requirements, including administrative cost, of the projected bond issuances that will be funded by assessments are summarized in Table E:

Table E
Projected Debt Service

<i>Debt service requirement</i>	<i>TIF/MID Bonds</i>	<i>MID Permanent Bonds</i>	<i>MID Pay Down Bonds</i>	<i>Total</i>
Total principal repayment	\$24,485,000	\$19,200,000	\$24,299,000	\$67,984,000
Total interest	\$22,168,870	\$31,244,640	\$26,811,260	\$80,224,770
Total administrative costs	\$943,044	\$1,217,042	\$587,986	\$2,748,072
Total debt service requirement	\$47,596,914	\$51,661,682	\$51,698,246	\$150,956,842

Determination of Assessments

This section of the report explains the fair and equitable method of allocating the assessments as shown and provided for in the assessment roll. The method of allocating the assessments is based on the following:

- (i) the public improvements to be provided as a result of the assessments provide a special benefit to the property assessed and the value of this benefit is greater than the assessments;
- (ii) the amount of assessments to be collected is equal to the amount required to repay the Bonds issued to finance the public improvements that provide a special benefit; and
- (iii) the assessments are allocated to parcels within the Improvement District in a manner that reasonably represents the benefit each parcel will receive from the public improvements.

Special Benefit

The property in the Improvement District will receive a special benefit from the public improvements to be provided from the assessments. The public improvements and the purpose of these improvements were described earlier in this report. The primary purpose of these improvements is to provide public infrastructure for the use of the property within the Improvement District. The public improvements therefore provide a special benefit to the property within the Improvement District.

The owners of all of the property in the Improvement District and the property to be assessed have requested that the City impose assessments on the property for the purpose of providing the public improvements. It is reasonable to believe the owners are acting in their interest and making this request because the benefit they receive from the public infrastructure improvements exceeds the cost of the assessments.

The assessments are being levied to provide improvements that are necessary for the highest and best use of the property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The six criteria for highest and best use are (i) reasonably probable, (ii) legally permissible, (iii) physically possible, (iv) appropriately supported, (v) financially feasible, and (vi) maximally productive.

The owners of the property in the Improvement District have analyzed various options for the use of the property, taking into consideration the legally permitted uses, the physical constraints of the site, financial parameters and market demand. The owners are understandably interested in maximizing the value of the property. Based on the owner’s evaluation, the highest and best use of the property, including any costs required for that use, is the proposed uses for the property as described herein. This use of the property will require the public improvements as described herein. Without these improvements, the proposed use of the property would not be legally permissible, physically possible or appropriately supported and, as a result, the property could not be put to its highest and best use.

The financing provided by the Improvement District is long-term financing and pays interest to the bond holders that is exempt from income taxes, resulting in a lower rate than other available financing on comparable terms. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantages, the financing provided by the Improvement District is the most beneficial means of financing the public improvements.

The improvements add value greater than the cost, as the highest and best use of the property requires these improvements. (If the improvements did not add more value than cost, the highest and best use of the property would be a use that did not require the improvements.) The improvement district financing is the most beneficial means of

financing the improvements. Therefore, the assessments also add value to the property that is greater than the cost of the assessments.

In summary, the assessments result in a special benefit to the property and the value of this special benefit is greater than the assessments levied for the following reasons:

1. The public improvements to be provided as a result of the assessments are required for the highest and best use of the property;
2. The highest and best use of the property is the use of the property that is most valuable (including any costs associated with the use of the property);
3. The financing provided by the Improvement District is the most beneficial means of financing the improvements;
4. As a result, the value of the special benefits to the property from the public improvements to be provided as a result of the Improvement District will be equal to or greater than the assessments to be imposed on the property in the Improvement District.

Collection of Assessments

An owner of property in the Improvement District may pay the assessment for a parcel in full at any time in an amount necessary to call and redeem Bonds as allocated to the property or pay the assessments over the term of the Bonds. The projected annual installments of the assessments are shown on Appendix B-2 to the Assessment Roll. The annual installments of the assessments are projected to be repaid through 2043; however, the actual repayment schedule may be modified based on the repayment terms of the Bonds. The annual installment of the assessments as shown on Appendix B-2 to the Assessment Roll include the principal of the Bonds to be repaid, interest on the unpaid principal at the interest rate on the Bonds, and administrative expenses related to the Bonds. The annual installments shown on the Assessment Roll are consistent with the projected debt service shown on Exhibit B attached hereto.

The actual debt service on the Bonds and administrative expenses may be less than estimated for purposes of the annual installments shown on Appendix B-2 to the Assessment Roll. The "Rate and Method of Apportionment of Assessments" attached as Appendix A to the Assessment Roll provides for the annual installments of the assessments to be equal to the required debt service on the Bonds and administrative expenses related to the Bonds, so that the annual installments of the assessments actually collected do not exceed the amount necessary to repay the Bonds and to pay administrative expenses.

In the case of the Tax Increment Financing (TIF) Bonds, the "Rate and Method of Apportionment of Assessments" attached as Appendix A to the Assessment Roll provides

for the annual installments of the assessments to be collected from each property only to the extent tax increment revenues are insufficient to pay the required debt service on the TIF Bonds and administrative expenses related to the TIF Bonds. Thus, the annual installments of the assessments actually collected do not exceed the amount necessary to repay the TIF Bonds and to pay administrative expense.

The Assessments are being accounted for in three parts, namely Assessment Part A, Assessment Part B and Assessment Part C, all as shown in the Assessment Roll and defined below. These separate parts represent the Assessments applied to repay different types of bond issues. The Assessments are accounted for in parts to facilitate applying the Assessments to various series of Bonds.

In summary, the annual installments on the assessments will be collected in an amount required to pay annual debt service on the Bonds, which are to be issued to finance public improvements that provide a special benefit to the property to be assessed, plus administrative expenses on the Bonds.

Allocation of Assessments

This section explains the allocation of the assessments to the property within the Improvement District. As explained previously, the owner of all of the property within the Improvement District has consented to the assessments imposed on the property, including the assessment allocated to each parcel, demonstrating the reasonableness of the allocation of the assessments.

The assessments are made on all of the real property within the Improvement District, with the exception of the non-benefited property. The "Rate and Method of Apportionment of Assessments" provides for the assessments to be reallocated as property is subdivided. The reallocation is made on the same basis as the initial allocation of assessments as shown on the Assessment Roll and explained herein.

The method used to allocate the assessments is based on a combination of two factors. First, certain improvements primarily benefit specific areas of the property within the district. For example, roads interior to the industrial area primarily benefit only the industrial area. Improvements that primarily benefit only certain areas are allocated to the property within these areas. For purposes of allocating improvements within areas of the district, four benefit areas are defined, as further described below.

Second, within these benefit areas, assessments are allocating to property on the basis of estimated assessed value for the intended use of the property. For purposes of allocating the assessments to types of property, seven land use classes are identified and all assessed property is assigned to one of these land use classes (as more fully described below).

The four benefit areas are as follows:

- Benefit Area 1, which represents the entire development site. Improvements that benefit all of the property within the district are allocated to all of the property in Benefit Area 1.
- Benefit Area 2, which includes only the industrial area. The industrial area consists of all land south of Celriver Road. The improvements that primarily benefit the industrial area are allocated to property in Benefit Area 2.
- Benefit Area 3, which includes all of the property in the district except the industrial area. This property consists of all of the land located north of Celriver Road. The improvements that primarily benefit this property are allocated to property in Benefit Area 3.
- Benefit Area 4, which includes the residential property (excluding the town center area). This property consists of the area proposed to be developed as single family homes and townhomes. The improvements that primarily benefit the residential areas are allocated to the property in Benefit Area 4.

The following table identifies the improvements allocated to the property within each benefit area.

Table F
Improvements Allocated to Each Benefit Area

	Area 1 - Entire Development	Area 2 - Industrial Only	Area 3 - Entire District Excluding Industrial	Area 4 - Residential Only	Total
Public Improvement					
<u>Collector Roads</u>					
Main Street - Phase 1	\$0	\$0	\$1,875,636	\$0	\$1,875,636
Main Street - Phase 2	\$0	\$0	\$2,125,636	\$0	\$2,125,636
River District - Phase 1	\$0	\$0	\$2,569,906	\$0	\$2,569,906
River District - Phase 2	\$0	\$0	\$250,000	\$0	\$250,000
Eden Terrace, including right of way - Phase 1	\$0	\$0	\$2,424,853	\$0	\$2,424,853
Eden Terrace, including right of way - Phase 2	\$0	\$0	\$3,768,700	\$0	\$3,768,700
Industrial Park Road - Phase 2	\$0	\$3,367,157	\$0	\$0	\$3,367,157
Industrial Park Road - Phase 3	\$0	\$3,369,130	\$0	\$0	\$3,369,130
Cherry Road	\$0	\$0	\$570,000	\$0	\$570,000
Celriver Road Design & R/W	\$680,000	\$0	\$0	\$0	\$680,000
<u>Residential Roads</u>					
Phase 1	\$0	\$0	\$0	\$7,073,962	\$7,073,962
Phase 2	\$0	\$0	\$0	\$8,443,038	\$8,443,038
<u>General Utility</u>					
Utility Relocation	\$0	\$0	\$550,000	\$0	\$550,000
Utilities Relocation/Right of Way	\$0	\$0	\$363,868	\$0	\$363,868
<u>Other</u>					
Riverwalk Trail - paved Parks, Recreation Facilities	\$0	\$0	\$1,776,783	\$0	\$1,776,783
Publicly Owned Civic Buildings	\$0	\$0	\$5,075,000	\$649,132	\$5,724,132
	\$0	\$0	\$3,500,000	\$0	\$3,500,000
	\$680,000	\$6,736,287	\$24,850,382	\$16,166,132	\$48,432,801

There are seven classes of property identified within the improvement district, as shown by Table G. The assessments within each class are the same per expected unit, room, or 1,000 square feet. That is, each single family home is assessed the same, each other town home unit is assessed the same, each apartment unit is assessed the same, each hotel room is assessed the same, each 1,000 square feet of office is assessed the same, each 1,000 square feet of retail is assessed the same, and each 1,000 square feet of industrial / distribution space is assessed the same. The assessment on each parcel is

based on the expected number of units, rooms, or, 1,000s of square feet of space to be developed on that parcel.

Future estimated assessed value reasonably reflects the increase in value to property that will result from the proposed development. Property with higher assessed value is reasonably assumed to be able to benefit more from the improvements, reflected by the higher assessed value, and property with lower assessed values able to benefit less from the improvements, reflected by the lower assessed value.

The future estimated assessed value of property in each class is used to calculate an equivalent unit factor. The assessments are then allocated on the basis of the equivalent units of each parcel. The following table shows the equivalent unit factors for each class of property and each part of the assessment.

Table G
Equivalent Unit Calculation

<i>Class</i>	<i>Description</i>	<i>Assessment Part A Equivalent Unit</i>	<i>Assessment Part B Equivalent Unit</i>	<i>Assessment Part C Equivalent Unit</i>
1	Single Family House	1.00 per unit	1.00 per unit	1.00 per unit
2	Town homes	0.62 per unit	0.62 per unit	0.62 per unit
3	Apartments	0.39 per unit	0.39 per unit	0.39 per unit
4	Hotel	0.33 per room	0.33 per room	0.33 per room
5	Office	0.64 per 1,000 sq ft	0.64 per 1,000 sq ft	0.64 per 1,000 sq ft
6	Retail	0.60 per 1,000 sq ft	0.60 per 1,000 sq ft	0.60 per 1,000 sq ft
7	Industrial	0.00 per 1,000 sq ft	0.29 per 1,000 sq ft	0.29 per 1,000 sq ft

The Equivalent Unit factor for Class 7 property for Assessment Part A is zero, since the MID Only Permanent Bonds will not be used to finance any of the improvements allocated to the industrial area.

The public improvements may be built in one or more phases and Bonds may be issued in one or more series to fund these improvements. Multiple series of Bonds will result in different levels of debt service as additional Bonds are issued and additional improvements made. As explained earlier, the annual installments of the assessments will be collected in an amount necessary to pay debt service on the Bonds and administrative expenses related to the Bonds, after giving consideration to the tax increments collected that are used for the TIF Bonds. Taking into consideration the phasing of the improvements and the issuance of Bonds and the variation in debt service that will result, the annual installments of the assessments can be made most equitable and fair by classifying property based on the use of the improvements as the construction

of the improvements is phased.

To accomplish this purpose, for each specific Bond issuance, an improvement area will be defined to include assessed property within the Improvement District that will be primarily improved by the public improvements funded by this specific Bond issuance. Assessed property within the Improvement District will be classified as Developed Property for this particular Bond issuance if it is in the improvement area, or classified as Undeveloped Property for this particular Bond issuance if it is not within the improvement area. Developed Property will thus represent property that is fully utilizing the public improvements (or will be soon). Undeveloped Property will represent property that has received a special benefit from the public improvements, as a result of those public improvements having been made, but is not yet utilizing the public improvements.

The annual installments of the assessments will be collected from Developed Property at the full level of the assessments for this property. The annual installments of the assessments to be collected from Undeveloped Property will be at the level required to pay debt service on the Bonds actually issued taking into consideration the annual installments of the assessments to be collected from Developed Property. This method fairly represents the benefit to be received at any time by property within the Improvement District, as Developed Property, which will be fully paying for the public improvements and will be fully utilizing these improvements. Undeveloped Property will pay for the costs of the improvements at any time the cost of the improvements is not fully paid by Developed Property, which reasonably represents the residual benefit of the public improvements to the Undeveloped Property. Each parcel will pay only the assessment allocated to that parcel, regardless of when classified as Developed Property. As a consequence, property classified as developed earlier than other property may stop paying the annual installment of assessments earlier as well.

Summary of Fair and Equitable Basis of the Assessments

This report explains the method of allocating the assessments to the property within the Improvement District as shown and provided for in the assessment roll for the Riverwalk Municipal Improvement District in a fair and equitable manner. The fair and equitable basis may be summarized as follows:

- (i) the public improvements to be provided as a result of the assessments provide a special benefit to the property assessed and the value of this benefit is greater than the assessments;
- (ii) the amount of assessments to be collected is equal to the amount required to repay the Bonds issued to finance the public improvements that provide a special benefit to the property assessed; and
- (iii) the assessments are allocated to parcels within the Improvement District in a manner that reasonably represents the benefit each parcel will receive from the public improvements.

For these reasons, the assessments are imposed on the property in the Improvement District in a fair and equitable manner.

Exhibit A

Map of Improvement District

(Please see the following page)

Exhibit B

Projected Debt Service and Administrative Costs

1. All Proposed Series of MID Only Permanent Bonds, Combined

Year Ending	Principal	Interest	Administrative Expenses	Total
2010	\$0	\$481,250	\$20,000	\$501,250
2011	\$0	\$481,250	\$20,400	\$501,650
2012	\$0	\$481,250	\$20,808	\$502,058
2013	\$2,000	\$481,250	\$21,224	\$504,474
2014	\$11,000	\$1,343,860	\$31,649	\$1,386,509
2015	\$21,000	\$1,343,090	\$32,282	\$1,396,372
2016	\$31,000	\$1,341,620	\$32,927	\$1,405,547
2017	\$47,000	\$1,339,450	\$33,586	\$1,420,036
2018	\$75,000	\$1,336,160	\$34,258	\$1,445,418
2019	\$105,000	\$1,330,910	\$34,943	\$1,470,853
2020	\$139,000	\$1,323,560	\$35,642	\$1,498,202
2021	\$174,000	\$1,313,830	\$36,354	\$1,524,184
2022	\$213,000	\$1,301,650	\$37,081	\$1,551,731
2023	\$255,000	\$1,286,740	\$37,823	\$1,579,563
2024	\$301,000	\$1,268,890	\$38,580	\$1,608,470
2025	\$351,000	\$1,247,820	\$39,351	\$1,638,171
2026	\$405,000	\$1,223,250	\$40,138	\$1,668,388
2027	\$461,000	\$1,194,900	\$40,941	\$1,696,841
2035	\$1,117,000	\$793,590	\$47,969	\$1,958,559
2036	\$1,229,000	\$715,400	\$48,928	\$1,993,328
2037	\$1,351,000	\$629,370	\$49,907	\$2,030,277
2038	\$1,481,000	\$534,800	\$50,905	\$2,066,705
2039	\$1,621,000	\$431,130	\$51,923	\$2,104,053
2040	\$989,000	\$317,660	\$16,734	\$1,323,394
2041	\$1,081,000	\$248,430	\$17,069	\$1,346,499
2042	\$1,181,000	\$172,760	\$17,410	\$1,371,170
2043	\$1,287,000	\$90,090	\$17,758	\$1,394,848
Total	\$19,200,000	\$31,244,640	\$1,217,042	\$51,661,682

2. All Proposed Series of TIF/MID Bonds, Combined

Year Ending	Principal	Interest	Administrative Expenses	Total
2010	\$0	\$604,080	\$20,000	\$624,080
2011	\$0	\$604,080	\$20,400	\$624,480
2012	\$326,000	\$604,080	\$20,808	\$950,888
2013	\$345,000	\$584,520	\$21,224	\$950,744
2014	\$366,000	\$1,116,400	\$31,649	\$1,514,049
2015	\$388,000	\$1,094,440	\$32,282	\$1,514,722
2016	\$411,000	\$1,527,770	\$42,927	\$1,981,697
2017	\$436,000	\$1,503,110	\$43,786	\$1,982,896
2018	\$462,000	\$1,476,950	\$44,662	\$1,983,612
2019	\$708,000	\$1,449,230	\$45,555	\$2,202,785
2020	\$768,000	\$1,404,570	\$46,466	\$2,219,036
2021	\$1,080,000	\$1,356,000	\$47,395	\$2,483,395
2022	\$1,180,000	\$1,285,900	\$48,343	\$2,514,243
2023	\$1,287,000	\$1,209,130	\$49,310	\$2,545,440
2024	\$1,403,000	\$1,125,220	\$50,296	\$2,578,516
2025	\$1,527,000	\$1,033,570	\$51,302	\$2,611,872
2026	\$1,659,000	\$933,630	\$52,328	\$2,644,958
2027	\$1,801,000	\$824,870	\$53,375	\$2,679,245
2028	\$1,953,000	\$706,610	\$54,442	\$2,714,052
2029	\$2,116,000	\$578,180	\$55,531	\$2,749,711
2030	\$1,360,000	\$438,830	\$26,923	\$1,825,753
2031	\$1,492,000	\$343,630	\$27,461	\$1,863,091
2032	\$1,633,000	\$239,190	\$28,010	\$1,900,200
2033	\$1,784,000	\$124,880	\$28,571	\$1,937,451
Total	\$24,485,000	\$22,168,870	\$943,044	\$47,596,914

3. All Proposed Series of MID Only Paydown Bonds, Combined

Year Ending	Principal	Interest	Administrative Expenses	Total
2010	\$0	\$749,560	\$20,000	\$769,560
2011	\$0	\$749,560	\$20,400	\$769,960
2012	\$0	\$749,560	\$20,808	\$770,368
2013	\$0	\$749,560	\$21,224	\$770,784
2014	\$0	\$1,700,930	\$31,649	\$1,732,579
2015	\$0	\$1,700,930	\$32,282	\$1,733,212
2016	\$0	\$1,700,930	\$32,927	\$1,733,857
2017	\$0	\$1,700,930	\$33,586	\$1,734,516
2018	\$0	\$1,700,930	\$34,258	\$1,735,188
2019	\$0	\$1,700,930	\$34,943	\$1,735,873
2020	\$0	\$1,700,930	\$35,642	\$1,736,572
2021	\$0	\$1,700,930	\$36,354	\$1,737,284
2022	\$0	\$1,700,930	\$37,081	\$1,738,011
2023	\$0	\$1,700,930	\$37,823	\$1,738,753
2024	\$0	\$1,700,930	\$38,580	\$1,739,510
2025	\$0	\$1,700,930	\$39,351	\$1,740,281
2026	\$0	\$1,700,930	\$40,138	\$1,741,068
2027	\$24,299,000	\$1,700,930	\$40,941	\$26,040,871
Total	\$24,299,000	\$26,811,260	\$587,986	\$51,698,246