



December 11, 2012

Ms. Sarah T. Albert  
Mandated Reports Specialist  
Library and Information Services  
Department of Legislatives Services  
90 State Circle  
Annapolis, MD 21401

Dear Ms. Albert:

This report for Fiscal Year 2012 is submitted herewith, along with audited Financial Statements of the PenMar Development Corporation (PMDC) as required by Chapter 306, Acts of 2008, Code Economic Development, Article, sec. 11-520 of the *Annotated Code of the Public General Laws of Maryland*.

In the audit conducted by Albright Crumbacker Moul & Itell, LLC, PMDC received an unqualified clean opinion, with no material weaknesses or control deficiencies.

In 1997, state legislation was passed creating PenMar Development Corporation (PMDC) to act as the Local Redevelopment Authority (LRA) for Fort Ritchie. Instead of redeveloping the property, PMDC sold the property to Corporate Office Properties Trust (COPT) in phases with the last phase transferring in 2007. The property was sold for \$9M. The initial payments totaled \$5M with the last payment of \$4M due in 2016.

In April 2011, COPT took a \$28M impairment loss on the Fort Ritchie project. Following this action COPT approached PMDC and requested forgiveness of the \$4M payment. In October 2011, PMDC rejected their request. COPT stated they had lost interest in developing the property. COPT then told PMDC they planned on shuttering the property, putting a fence around the property and closing out all leases for the 200 plus people living on the property and the commercial leases by the fall of 2012. COPT did offer an alternative, that being, would PMDC be interested in taking back the property. The PenMar Board of Directors believed they still had an obligation to create jobs and generate tax revenues and PMDC began negotiations with COPT. On January 10, 2012, a letter of intent was signed by both parties and the purchase and sales agreement was signed on February 13, 2012. PMDC then began a 90 study period, ending on May 14, 2012. After the due diligence period, PenMar, after consultation with Washington County government officials, the State of Maryland and U.S. elected officials, resumed ownership of the property on July 24, 2012. PMDC agreed to a payment of \$2M from COPT, in place of the \$4M due on the sale amount, and the deed to Fort Ritchie.

The lawsuit is no longer active with the withdrawal of COPT. The community has tired of the delays in redevelopment and appears to welcome PMDC once again as the owners of Fort Ritchie in the hope that something good is in store for the property and the community.

After the transfer, PenMar began using David Rawle of the AG's Office for legal counsel.

### **Residential Housing**

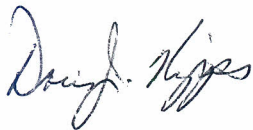
- 83% of the 96 duplex or townhome units available are leased.
- Approximately 200 people live at Fort Ritchie.

The Fort Ritchie Community Center, which opened in September 2008, continues to be a shining example of what the future holds for Fort Ritchie. It offers recreational opportunities to the local residents, as well as a location for community activities. It receives no tax dollars. It currently has over 1,400 members.

Fort Ritchie remains an important part of the local community. Over the last weekend in June, local leaders organized Mountain Top Heritage Days, including fireworks, drawing about 5,000 participants. At other times during the year a triathlon, a duathlon, and several bicycle competitions were held. Other, non-athletic, community events were held throughout the year.

The PMDC Board of Directors is at full strength, with all fifteen designated positions filled. It is a strong, focused Board, providing expert oversight to redevelopment efforts.

Sincerely,



Doris J. Nipps  
Executive Director

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