

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND**2004 Legislative Session**Bill No. CB-24-2004Chapter No. 20Proposed and Presented by The Chairman (by request – County Executive)Introduced by Council Members Hendershot and Knotts

Co-Sponsors _____

Date of Introduction June 15, 2004**BILL**

1 AN ACT concerning

2 The Issuance and Sale of Special Obligation Bonds

3 For the purpose of providing that special obligation bonds may be issued under the provisions of
4 this Act, Article 41, Sections 14-201 through 14-214 of the Annotated Code of Maryland, as
5 amended (2003 Replacement Volume) (the “Tax Increment Act”), Section 10-269 of the Prince
6 George’s County Code, as amended (1999 Edition, 2002 Supplement) and Article 24, Section 9-
7 1301 of the Annotated Code of Maryland, as amended (2001 Replacement Volume and 2003
8 Supplement) (collectively, the “Special Taxing District Act”) and CR-26-2004 of the County
9 Council of Prince George’s County, Maryland (the “Formation Resolution”) in an amount not to
10 exceed the aggregate principal amount of Ninety-five Million Dollars (\$95,000,000) for the
11 County to finance a portion of the costs of the convention center; making certain findings and
12 determinations, among others, concerning the public benefit and purpose of such special
13 obligation bonds; providing that such special obligation bonds authorized to be issued hereby
14 shall be payable from the amounts levied and deposited in the Tax Increment Fund (as defined in
15 the Formation Resolution) including the Hotel Tax (as defined in the Formation Resolution) and
16 from the Special Hotel Rental Tax (as defined in the Formation Resolution) to be levied and
17 deposited in the Special Taxing District Fund (as defined in the Formation Resolution) and that
18 the special obligation bonds shall not constitute a general obligation debt of the County or a
19 pledge of the County’s full faith and credit or taxing power other than the Tax Increment (as
20 defined in the Formation Resolution), the Hotel Tax and the Special Hotel Rental Tax;
21 authorizing the County Executive of the County to specify, prescribe, determine, provide for and

1 approve certain details, forms, documents or procedures in connection with such special
2 obligation bonds issued hereunder and any other matters necessary or desirable in connection
3 with the authorization, issuance, sale and payment of such special obligation bonds; authorizing
4 the County Executive to take certain actions, to execute documents and make certain
5 commitments on behalf of the County in connection with the issuance, sale and delivery of such
6 special obligation bonds; authorizing the execution and delivery of such special obligation bonds
7 and such other documents as may be necessary and desirable to effectuate the financing of a
8 portion of the costs of the convention center and the issuance, sale and delivery of such special
9 obligation bonds; and generally providing for, and determining various matters in connection
10 with, the issuance, sale, delivery and payment of such special obligation bonds.

11 WHEREAS, in order to assist in facilitating the financing for a portion of the costs of the
12 convention center described in Exhibit A attached hereto and made a part hereof, the County will
13 issue its special obligation bonds to finance the convention center; and

14 WHEREAS, the development in the National Harbor Convention Center Development
15 District and the National Harbor Convention Center Special Taxing District is expected to
16 consist of the construction of a convention center and a hotel; and

17 WHEREAS, such development will further economic development within the County and
18 thus meet the public purposes contemplated by the Tax Increment Act, the Special Taxing
19 District Act and the Formation Resolution; and

20 WHEREAS, the Formation Resolution has heretofore designated a contiguous area within
21 the County to be known as the "National Harbor Convention Center Development District" as a
22 "development district" as that term is used in the Tax Increment Act and has also designated a
23 coincident contiguous area within the County to be known as the "National Harbor Convention
24 Center Special Taxing District" as a "special taxing district" as that term is used in the Special
25 Taxing District Act the boundaries of which may be reduced as provided herein; and

26 WHEREAS, the special obligation bonds will be issued and secured pursuant to the
27 provisions of the Letter of Intent, the Tax Increment Act, the Special Taxing District Act and the
28 Formation Resolution; and

29 WHEREAS, to the extent that the Tax Increment, the Hotel Tax and the Special Hotel
30 Rental Tax in any given fiscal year of the County exceeds the debt service payable on the special
31 obligation bonds and the amount equal to the National Harbor Convention Center Excess

1 Development District Taxes (as defined in the Formation Resolution) in any such fiscal year, as
 2 well as any other payment required to be satisfied by the Tax Increment, the Hotel Tax and the
 3 Special Hotel Rental Tax for administrative costs related to the special obligation bonds, the
 4 National Harbor Convention Center Development District and the National Harbor Convention
 5 Center Special Taxing District, such excess will be deposited into a convention center marketing
 6 and maintenance fund in such amounts and for such uses as set forth herein; and

7 WHEREAS, the convention center to be financed will be owned by the owner of the real
 8 property located within the National Harbor Convention Center Development District and the
 9 National Harbor Convention Center Special Taxing District and maintained and operated by such
 10 owner; now, therefore,

11 SECTION 1. BE IT ENACTED by the County Council of Prince George's County,
 12 Maryland, as follows:

13 A. The words and terms used in this Act that are defined in the Tax Increment Act, the Special
 14 Taxing District Act or the Formation Resolution shall have the meanings indicated in the Tax
 15 Increment Act, the Special Taxing District Act and the Formation Resolution, as the case may
 16 be, unless the context clearly requires a contrary meaning.

17 B. Acting pursuant to the Tax Increment Act, the Special Taxing District Act and the
 18 Formation Resolution, it is hereby found and determined that the issuance of the Bonds, as
 19 hereinafter defined, for delivery to the original purchaser for the purpose of providing funds for
 20 the financing of a portion of the costs of the convention center, accomplish the public purposes
 21 of the Tax Increment Act, the Special Taxing District Act and the Formation Resolution and
 22 pursuant to the Formation Resolution and this Act, the County has complied with Section 14-206
 23 of the Tax Increment Act, Section 9-1301(f) of Article 24 of the Annotated Code of Maryland
 24 and Section 10-269 of the Prince George's County Code.

25 C. A description of the convention center to be financed as permitted by the Special Taxing
 26 District Act and the Tax Increment Act in connection with the National Harbor Convention
 27 Center Special Taxing District and the National Harbor Convention Center Development District
 28 is set forth in Exhibit A attached hereto and made a part hereof and includes costs related to such
 29 improvements which are intended to be funded with the issuance of the Bonds.

30 D. Before the Bonds are issued, the Financial Officer of the County shall record among the
 31 Land Records of the County at the cost of the National Harbor Convention Center Special

1 Taxing District a declaration to the effect that all hotels located in the National Harbor
2 Convention Center Special Taxing District are subject to a Special Hotel Rental Tax. The
3 declaration shall terminate when the Financial Officer records a release stating that all Bonds
4 have matured or been paid in full in accordance with their terms. The boundaries of the National
5 Harbor Convention Center Development District and the National Harbor Convention Center
6 Special Taxing District may be reduced by executive order of the County Executive after the
7 Bonds have been issued provided that the ability to reduce the boundaries was disclosed to the
8 original purchaser of the Bonds and provided for in the indenture pursuant to which the Bonds
9 are being issued.

10 E. Pursuant to the provisions of the Formation Resolution and in accordance with the Tax
11 Increment Act, so long as the Bonds remain outstanding, the County shall deposit into the Tax
12 Increment Fund all real property taxes received by the County for any Tax Year after the
13 effective date of the Formation Resolution equal to that portion of the taxes payable to the
14 County representing the levy on the Tax Increment that would normally be paid to the County as
15 well as the Hotel Tax collected by the County. In addition, a levy and imposition of a tax by the
16 County of five percent (5%) on all gross amounts of money paid to the owners or operators of
17 hotels located in the National Harbor Convention Center Special Taxing District by transient
18 guests or tenants for renting, using or occupying a room or rooms in the hotels located in the
19 National Harbor Convention Center Special Taxing District to be collected at the same time and
20 in the same manner as the Hotel Tax, is hereby authorized pursuant to the Special Taxing District
21 Act as a special tax and shall be referred to as the "Special Hotel Rental Tax". The Special Hotel
22 Rental Tax shall be levied by the County and deposited in the Special Taxing District Fund.
23 Monies in the Tax Increment Fund and Special Taxing District Fund are pledged in accordance
24 with the provisions of the indenture pursuant to which the Bonds are being issued to the payment
25 of the Bonds and shall also be used to pay the administrative costs of the County related to the
26 Bonds, the National Harbor Convention Center Special Taxing District and the National Harbor
27 Convention Center Development District, provided that amounts may be withdrawn from such
28 Funds by the County Executive at the end of any fiscal year of the County for remittance to the
29 convention center marketing and maintenance fund to pay maintenance costs of the convention
30 center and for the marketing and promotion of the convention center in accordance with the
31 provisions of the Letter of Intent, which provisions will be included in the above-referenced

1 indenture, provided that monies in the Tax Increment Fund and the Special Taxing District Fund
 2 will only be permitted to be withdrawn to the extent, and only to the extent, that the monies in
 3 the Tax Increment Fund and the Special Taxing District Fund at the end of any fiscal year exceed
 4 the amount needed to pay debt service on the Bonds and do not constitute National Harbor
 5 Convention Center Excess Development District Taxes, or to pay administrative costs of the
 6 County related to the National Harbor Convention Center Development District, the National
 7 Harbor Convention Center Special Taxing District and the issuance of the Bonds. The balance
 8 remaining in the Tax Increment Fund and the Special Taxing District Fund at the end of any
 9 fiscal year of the County after such payments or withdrawals shall be transferred to the general
 10 fund of the County.

11 The pledge of the Hotel Tax and the Special Hotel Rental Tax shall be released at the time
 12 the Bonds have matured or been paid in full in accordance with their terms and the Special Hotel
 13 Rental Tax shall also be terminated at such time.

14 F. The special obligations bonds may be issued in an aggregate principal amount not to exceed
 15 Ninety-five Million Dollars (\$95,000,000) (the "Bonds"). The proceeds of the Bonds will be
 16 utilized solely to finance a portion of the costs of the convention center described in Exhibit A
 17 attached hereto and made a part hereof for delivery to the original purchaser as permitted
 18 pursuant to the provisions of the Special Taxing District Act and the Tax Increment Act. The
 19 Bonds will be payable from the amounts levied, collected, and deposited in the Tax Increment
 20 Fund created by the Formation Resolution, including the Hotel Tax, as well as the Special Hotel
 21 Rental Tax to be levied, collected, and deposited in the Special Taxing District Fund. Provisions
 22 may be made for municipal bond insurance or any other type of financial guaranty of the Bonds,
 23 if applicable. In addition, the Bonds may be secured through the establishment of additional
 24 sinking funds or the pledge of other assets and revenues toward the payment of the principal and
 25 interest on the Bonds, if applicable. The Bonds issued hereunder are a special obligation of the
 26 County and do not constitute a general obligation debt of the County or a pledge of the County's
 27 full faith and credit or taxing power except for the Special Hotel Rental Tax, the Hotel Tax and
 28 the Tax Increment, as set forth in the Formation Resolution. In addition, Bonds issued hereunder
 29 may be refunded by bonds issued under the Tax Increment Act and/or the Special Taxing District
 30 Act.

31 G. The Bonds shall be executed in the name of the County and on its behalf by the County

Executive, by manual or facsimile signature, the corporate seal of the County or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Clerk of the County Council or the Chief Administrative Officer by manual or facsimile signature. The development agreement to be entered into among the County, any other governmental entity, if necessary, and the developer of the National Harbor Convention Center Development District and the National Harbor Convention Center Special Taxing District to provide for the financing of a portion of the costs of the convention center related to the National Harbor Convention Center Development District and the National Harbor Convention Center Special Taxing District (the "Development Agreement") and, where applicable, all other documents as the County Executive deems necessary to effectuate the issuance, sale and delivery of the Bonds, shall be executed in the name of the County and on its behalf by the County Executive by manual signature, and the corporate seal of the County or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Clerk of the County Council or the Chief Administrative Officer by manual signature. If any officer whose signature or countersignature or a facsimile of whose signature or countersignature appears on the Bonds or on any of the aforesaid documents ceases to be such officer before the delivery of the Bonds or any of the other aforesaid documents, such signature or countersignature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The County Executive, the Clerk of the County Council and other officials of the County are hereby authorized and empowered to do all such acts and things and execute such documents and certificates as the County Executive may determine to be necessary to carry out and comply with the provisions of this Act, subject to the limitations set forth in the Special Taxing District Act, the Tax Increment Act and this Act.

H. The Bonds shall be delivered to the original purchaser upon such terms and conditions as the County Executive shall approve which are materially consistent with the Letter of Intent. The County Council deems it to be in the best interest of the County to authorize the County Executive to approve the terms of the sale and delivery of the Bonds, within the limitations of the Letter of Intent, the Special Taxing District Act, the Tax Increment Act and this Act.

I. Subject to the provisions of this Act, the County Executive by executive order:

(1) shall prescribe the form, tenor, terms and conditions of and security for the Bonds consistent with the Letter of Intent;

(2) shall prescribe the principal amounts, the rate of interest which shall equal eight percent (8%), denominations, date, maturity or maturities (within the limits prescribed in the Special Taxing District Act and in the Tax Increment Act), and the time and place or places of payment of the Bonds, and the terms and conditions and details under which the Bonds may be called for redemption prior to their stated maturities consistent with the Letter of Intent;

(3) may appoint bond counsel, underwriters, a financial advisor and if necessary, may appoint a trustee, a bond registrar and a paying agent or agents for the Bonds;

(4) shall approve the form and contents of, and execute and deliver (where applicable), the Development Agreement and such other documents to which the County is a party and which may be necessary to effectuate the issuance, sale and delivery of the Bonds;

(5) may execute and deliver a contract or contracts for the purchase and sale of the Bonds (or any portion thereof) in form and content satisfactory to the County Executive;

(6) shall determine the time of execution, issuance, sale and delivery of the Bonds and prescribe any and all other details of the Bonds;

(7) shall approve the terms of the sale of the Bonds, as provided in Paragraph H hereof;

(8) shall provide for the direct or indirect payment of all costs, fees and expenses incurred by or on behalf of the County in connection with the issuance, sale and delivery of the Bonds, including (without limitation) costs of printing (if any) and issuing the Bonds, the funding of reserves, legal expenses (including the fees of bond counsel) and compensation to any person performing services by or on behalf of the County in connection therewith; and

(9) shall do any and all things necessary, proper or expedient in connection with the issuance, sale and delivery of the Bonds in order to accomplish the legislative policy of the Special Taxing District Act, the Tax Increment Act and the public purposes of this Act, subject to the limitations set forth in the Special Taxing District Act and the Tax Increment Act and any limitations prescribed by this Act.

This delegation of authority to the County Executive is subject to his discretion and to the extent he does not exercise such discretion pursuant to the provisions of this Act, neither such officer nor the County shall be subject to any liability.

SECTION 2. BE IT FURTHER ENACTED, that the provisions of this Act are severable, and if any provision, sentence, clause, section or part hereof is held or determined to be illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality,

1 invalidity or unconstitutionality or inapplicability shall not affect or impair any of the remaining
2 provisions, sentences, clauses, sections or parts of this Act or their application to other persons or
3 circumstances. It is hereby declared to be the legislative intent that this Act would have been
4 passed if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause,
5 section or part had not been included herein, and as if the person or circumstances to which this
6 Act or any part hereof are inapplicable had been specifically exempted herefrom.

7 SECTION 3. BE IT FURTHER ENACTED, that the Bonds being authorized herein and
8 the construction costs of the public improvements for which said Bonds are authorized and
9 issued are not deemed to be construction, monetary contributions or procurement for purposes of
10 Subtitle 10A of the Prince George's County Code and public improvements funded in whole or
11 part by said Bonds are specifically exempted from the provisions of Subtitle 10A, provided
12 however, that Section 10A-121 and Sections 2-247 through 2-253.05, of the Prince George's
13 County Code shall apply.

14 SECTION 4. BE IT FURTHER ENACTED, that Bill No. CB-81-2002 and any other
15 inconsistent acts, or any parts thereof, are hereby repealed.

16 SECTION 5. BE IT FURTHER ENACTED, that this Act shall take effect 45 days from
17 the date it becomes law.

Adopted this 6th day of July, 2004.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Tony Knotts
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Jack B. Johnson
County Executive

Exhibit A available in hard copy only