

## Prince George's County Council Agenda Item Summary

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**Meeting Date:** 7/18/2006  
**Reference No.:** CB-014-2006  
**Draft No.:** 4  
**Proposer(s):** County Executive  
**Sponsor(s):** Peters, Knotts, Dean  
**Item Title:** An Act concerning the Authorization, Issuance and Delivery of Special Obligation Bonds equal to the aggregate principal amount of Fifty Million Dollars (\$50,000,000) for the County to finance or reimburse additional costs of the convention center being constructed at National Harbor as part of the Gaylord National Resort and Convention Center

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**Drafter:** Bond Counsel,  
**Resource Personnel:** Bond Counsel

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### LEGISLATIVE HISTORY:

<b>Date Presented:</b>	4/18/2006	<b>Executive Action:</b>	7/31/2006 S
<b>Committee Referral:</b>	4/18/2006 - PSFM	<b>Effective Date:</b>	9/15/2006

**Committee Action:** 5/4/2006 - HELD  
6/14/2006 - FAV(A)

**Date Introduced:** 6/20/2006  
**Public Hearing:** 7/18/2006 - 10:30 AM

**Council Action (1)** 7/18/2006 - ENACTED  
**Council Votes:** MB:A, WC:A, SHD:A, TD:A, CE:A, DCH:A, TH:A, TK:-, DP:A  
**Pass/Fail:** P  
**Remarks:**

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### AFFECTED CODE SECTIONS:

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### COMMITTEE REPORTS:

#### PUBLIC SAFETY AND FISCAL MANAGEMENT

**Date 6/14/2006**

Committee Vote: Favorable as amended, 4-0, (In favor: Councilmembers Peters, Campos, Dean and Knotts.)

The following amendments were made to the Participation Agreement and incorporated into CB-14-2006 (DR-2) as Exhibit C:

- amended the language in Section 3(a) and (b) to require that the 20% requirement applies to only MBEs and not LBEs;
- Section 3(a) was also amended to state that whatever percentage that is not met of the mandatory 20% from the construction contracts with MBEs will be carried over to the operation and maintenance contracts and be added onto the required 20% for operation and maintenance in Section 3(b);
- Section 3(b) was also amended to define the term "operation and maintenance";
- Section 3(c) and Section 4 were amended to add County Council participation;

- Section 4 was renamed "Business and Educational Opportunities" and was amended to include a provision for a \$1,000,000 grant to the Prince George's Community College to develop a culinary curriculum;
- Section 7 titled "Term" was renumbered to Section 8 and the new Section 7 is titled "Bond Release Provisions" and states the terms under which the bonds will be released.

This bill was held in PSFM Committee on 5-4-06.

This bill will provide for the authorization, issuance and delivery of special obligation bonds in the aggregate amount of \$50,000,000 by the County to provide additional financing for the Convention Center being constructed at National Harbor as part of the Gaylord National Resort and Convention Center. This legislation allows for the use of tax revenues generated by the convention center and hotel development to finance or reimburse Gaylord Entertainment's affiliate for additional cost of the convention center. On May 11, 2005 the County issued Special Obligation Bonds in aggregate principal amount of \$95,000,000 and placed them into escrow. The County's full faith and credit is not pledged to the Bonds. These bonds will be released from escrow upon satisfaction of the requirements set forth in the development agreement between the

County and Gaylord Entertainment affiliate, including completion of construction of the convention center. Like the bonds issued in May 2005, these additional bonds will be repaid from tax-increment revenues, a hotel occupancy tax and a special hotel rental tax generated in the convention center and hotel development and the special taxing district created by CR-26-2004. The additional \$50,000,000 bonds will not be issued until the convention center and the 2,000 room hotel facility have been completed and opened for business to the public and will be repaid on a subordinate basis as to the bonds and other related payments to be remitted to the County. The annual payment to the County will equal the projected tax revenues to be received by the County after payment of debt services on the bonds and other related payment.

The Office of Law has reviewed this bill and find it to be in proper legislative form with no legal impediments to its enactment.

The fiscal impact on the County will be positive as a result of enacting CB-14-2006. The authorization of an additional \$50,000,000 in special obligation bonds will have a net increase of \$112,875,135 in the County's investment over 30 years. The County will realize, after all bond debt service and other costs are taken into account, a net increase in revenue of \$171,770,155 over the originally estimated revenues for the 30 year period.

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#### **BACKGROUND INFORMATION/FISCAL IMPACT:**

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation provides for additional public financing for the convention center being constructed at National Harbor as part of the Gaylord National Resort and Convention Center. Expected to open in 2008, the Gaylord National Resort and Convention Center will be one of the main focal points of National Harbor.

Initial public financing was executed on May 11, 2005, when \$95,000,000 in aggregate principal amount of Prince George's County Taxable Special Obligation Bonds (Bonds) were issued by the County and placed into escrow. The Bonds are to be repaid from tax increment revenues, a hotel occupancy tax and a special hotel rental tax generated in the convention center and hotel development and special taxing districts created by CR-26-2004. The County's full faith and credit is not pledged to the Bonds. The Bonds are authorized by the Tax Increment Financing Act, the Special Taxing District Act and CB-24-2004. The Bonds will be released from escrow upon satisfaction of the requirements set forth in the development agreement between the County and a Gaylord Entertainment affiliate, including completion of construction of the convention center.

Recently, Gaylord Entertainment announced its planned expansion of the hotel by an additional 500 rooms making it a 2,000-luxury hotel room facility. The expansion of the facility is expected to bring an additional 200 permanent jobs to the hotel alone, bringing total employment at the hotel to approximately 2,200. Further, as a result of the

expansion it is expected that the County will receive an increase in net tax revenues of approximately \$156 million over a 30-year period for a total of approximately \$494 million.

The enclosed legislation would authorize the issuance of \$50 million additional special obligation bonds (Additional Bonds) to reimburse a Gaylord Entertainment affiliate for additional costs in connection with its construction of a convention center. Like the Bonds issued in 2005, the Additional Bonds would be repaid from tax increment revenues, a hotel occupancy tax and a special hotel rental tax generated in the convention center and hotel development and special taxing districts created by CR-26-2004. The County's full faith and credit is not pledged to the Additional Bonds.

The Additional Bonds would not be issued until the convention center and the 2,000-room hotel facility had been completed and were open for business to the public and would be repaid on a subordinate basis as to the Bonds and other related payments and as to annual payments of tax revenues to be remitted to the County. The annual payment to the County equals the projected tax revenues to be received by the County after payment of debt service on the Bonds and other related payments. This approach preserves for the County the expected benefit it was projected to receive while the Bonds are outstanding.

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**CODE INDEX TOPICS:**

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**INCLUSION FILES:**

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