

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2006 Legislative Session

Bill No. CB-14-2006

Chapter No. 49

Proposed and Presented by The Chairman (by request – County Executive)

Introduced by Council Members Peters, Knotts and Dean

Co-Sponsors _____

Date of Introduction June 20, 2006

BILL

1 AN ACT concerning

2 The Authorization, Issuance and Delivery 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 and 2005 Supplement) (the “Tax Increment Act”), Section
 6 10-269 of the Prince George’s County Code, as amended (2003 Edition and 2005 Supplement)
 7 and Article 24, Section 9-1301 of the Annotated Code of Maryland, as amended (2005
 8 Replacement Volume) (collectively, the “Special Taxing District Act”) and consistent with the
 9 provisions of CR-26-2004 adopted by the County Council of Prince George’s County, Maryland
 10 on July 6, 2004, approved by the County Executive of the County on July 6, 2004, and effective
 11 on July 6, 2004 (the “Formation Resolution”) in an amount equal to the aggregate principal
 12 amount of Fifty Million Dollars (\$50,000,000) for the County to finance or reimburse additional
 13 costs of the convention center; making certain findings and determinations, among others,
 14 concerning the public benefit and purpose of such special obligation bonds; providing that such
 15 special obligation bonds authorized to be issued hereby shall be payable, on a subordinate basis
 16 with respect to the special obligation bonds previously issued by the County as more specifically
 17 provided for in this Act, from the amounts levied and deposited in the Tax Increment Fund (as
 18 defined in the Formation Resolution) including the Hotel Tax (as defined in the Formation
 19 Resolution) and from the Special Hotel Rental Tax (as defined in the Formation Resolution) as
 20 authorized in CB-24-2004, enacted by the County Council of the County on July 6, 2004,
 21 approved by the County Executive of the County on July 6, 2004, and effective on August 23,

2004 (the "Ordinance") to be levied and deposited in the Special Taxing District Fund (as defined in the Formation Resolution) and that the special obligation bonds shall not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power other than the County's pledge, on a subordinate basis, of the taxes representing the levy on the Tax Increment (as defined in the Formation Resolution), the Hotel Tax and the Special Hotel Rental Tax; specifying certain terms and conditions with respect to the issuance of the special obligation bonds; authorizing the County Executive of the County to specify, prescribe, determine, provide for and approve certain details, forms, documents or procedures in connection with such special obligation bonds issued hereunder and any other matters necessary or desirable in connection with the authorization, issuance, delivery and payment of such special obligation bonds; authorizing the County Executive to take certain actions, to execute documents and make certain commitments on behalf of the County in connection with the issuance and delivery of such special obligation bonds; authorizing the execution and delivery of such special obligation bonds and such other documents as may be necessary and desirable to effectuate the financing or reimbursement of a portion of the costs of the convention center and the issuance and delivery of such special obligation bonds; and generally providing for, and determining various matters in connection with, the issuance, delivery and payment of such special obligation bonds.

WHEREAS, the Formation Resolution has heretofore designated a contiguous area within the County to be known as the "National Harbor Convention Center Development District" as a "development district" as that term is used in the Tax Increment Act and has also designated a coincident contiguous area within the County to be known as the "National Harbor Convention Center Special Taxing District" as a "special taxing district" as that term is used in the Special Taxing District Act; and

WHEREAS, in order to assist in facilitating the financing or reimbursement for a portion of the costs of the convention center (the "Convention Center") described in Exhibit A attached hereto and made a part hereof, the County previously issued \$95,000,000 in aggregate principal amount of its Taxable Special Obligation Bonds (National Harbor Convention Center Project) Series 2005 (the "Bonds") into escrow on May 11, 2005; and

WHEREAS, the Bonds were authorized and issued pursuant to the Tax Increment Act, the Special Taxing District Act, the Ordinance, the Formation Resolution and an Executive Order

1 dated as of May 11, 2005 executed by the County Executive and are secured by the County's
2 pledge of the taxes representing the levy on the Tax Increment, the Hotel Tax and the Special
3 Hotel Rental Tax. If the Bonds are released from escrow, they will be delivered to Gaylord
4 National, LLC (the "Developer") to reimburse the Developer for costs permitted by the Tax
5 Increment Act and the Special Taxing District Act that are being incurred by the Developer in
6 connection with its construction of the Convention Center. The Bonds are to be released from
7 escrow upon satisfaction of the requirements set forth in the Development Agreement, dated as
8 of May 1, 2005 (the "Development Agreement"), between the County and the Developer
9 including the obligation of the Developer to complete construction of the Convention Center and
10 have it open for business as well as to construct fifteen hundred (1,500) hotel rooms adjacent to
11 the Convention Center; and

12 WHEREAS, in order to provide additional assistance in facilitating the financing or
13 reimbursement for a portion of the additional costs of the Convention Center, the County will
14 issue additional, taxable, subordinate, special obligation bonds to finance additional costs of the
15 Convention Center upon the conditions and under the terms set forth in this Act; and such special
16 obligation bonds will be issued and secured, on a subordinate basis, with respect to the Bonds,
17 pursuant to the provisions of the Tax Increment Act, the Special Taxing District Act, this Act and
18 consistent with the provisions of the Formation Resolution; and

19 WHEREAS, the Developer has agreed to construct an additional five hundred (500) hotel
20 rooms adjacent to the Convention Center; and

21 WHEREAS, the development in the National Harbor Convention Center Development
22 District and the National Harbor Convention Center Special Taxing District is now expected to
23 consist of the construction of the Convention Center and a two thousand (2,000) room hotel
24 located adjacent to the Convention Center; and

25 WHEREAS, the County and Developer have entered into that certain Gaylord Local and
26 Minority Business Utilization and Local Resident Participation Agreement dated May 10, 2004
27 (the "Participation Agreement") which provides that local businesses, minority business
28 enterprises and local minority business enterprises (collectively as "LBEs/MBEs"), shall be
29 afforded every opportunity to participate in the economic opportunities created by development
30 of National Harbor; and
31

1 WHEREAS, the County and Developer desire to clarify and amend the Participation
2 Agreement to protect such economic opportunities; and

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

6 WHEREAS, such clarification of the Participation Agreement will further enhance
7 economic opportunities for local and minority business enterprises created by the development of
8 National Harbor; and

9 WHEREAS, to the extent that the taxes representing the levy on the Tax Increment, the
10 Hotel Tax and the Special Hotel Rental Tax in any given fiscal year of the County exceeds (i)
11 any payment required to be satisfied by the taxes representing the levy on the Tax Increment, the
12 Hotel Tax and the Special Hotel Rental Tax for administrative costs related to the Bonds and the
13 additional special obligation bonds, (ii) the debt service payable on the Bonds, (iii) the amount
14 equal to the National Harbor Convention Center Excess Development District Taxes (as defined
15 in the Formation Resolution) in any such fiscal year, (iv) any payment required to be satisfied by
16 the taxes representing the levy on the Tax Increment, the Hotel Tax and the Special Hotel Rental
17 Tax for the convention center marketing and maintenance fund in such amounts and for such
18 uses as set forth in the Ordinance, (v) the annual payment due to the County as further described
19 herein and (vi) the debt service payable on the additional special obligation bonds authorized by
20 this Act, such excess will be returned to the County; and

21 WHEREAS, the Convention Center will be owned, maintained and operated by the
22 Developer or its designee; now, therefore,

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

25 A. The words and terms used in this Act that are defined in the Tax Increment Act, the
26 Special Taxing District Act, the Formation Resolution or the recitals shall have the meanings
27 indicated in the Tax Increment Act, the Special Taxing District Act, the Formation Resolution
28 and the recitals, as the case may be, unless the context clearly requires a contrary meaning. In
29 addition, the following terms shall have the meanings set forth below:

30 (1) "Administrative Expense Fund" means the account of that name established
31 pursuant to the terms of the Indenture.

(2) "Administrative Expenses" means costs directly related to the administration of the Development District and the Special Tax District, consisting of the costs of collecting the Hotel Tax and the Special Hotel Rental Tax and equal to one percent (1%) of the total aggregate amount of Hotel Taxes and the Special Hotel Rental Tax collected for each Fiscal Year (whether by the County or otherwise); fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; and the costs of the County or its designee of complying with the disclosure provisions of any continuing disclosure agreement executed at the time of any public reoffering of the Bonds or the Subordinate Bonds, as hereinafter defined. Administrative Expenses shall also include amounts advanced by the County for the costs of commencing foreclosure of delinquent taxes relating to the Tax Increment to the extent it is not reimbursed directly from the proceeds of the tax sale.

(3) "Annual County Payment" means the annual amount payable to the County on September 1st of each year while the Subordinate Bonds are outstanding from the taxes representing the levy on the Tax Increment, the Hotel Tax and the Special Hotel Rental Tax in the amounts and at the times set forth in Exhibit B attached hereto and made a part hereof, such payment to be made in the manner described herein; provided, however, that the County Executive may, by executive order, change the dates when payments are to be made if the Subordinate Bonds are issued after 2008.

(4) "Debt Service Fund" means the account of that name established pursuant to the terms of the Indenture.

(5) "District" means the Development District and the Special Taxing District.

(6) "Escrow Agreement" means the Escrow Agreement, dated as of May 1, 2005 by and among the County, the Developer and the Trustee in its capacity as escrow agent, as the same shall be supplemented and amended from time to time.

(7) "Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding calendar year, both dates inclusive.

(8) "Indenture" means the Indenture of Trust by and between the County and the Trustee named therein pursuant to which the Bonds were issued and pursuant to which the Subordinate Bonds shall be issued subject to the satisfaction of the terms and conditions specified under this Act and the Indenture, as the same shall be supplemented and amended from time to time.

(9) "Interest Payment Date" shall mean, with respect to the Bonds, the Release Date and each January 1 and July 1, commencing after the Release Date and, with respect to the Subordinate Bonds, each September 1.

(10) "Marketing and Maintenance Fund" means the account of that name established pursuant to the terms of the Indenture.

(11) "Release Date" means the day the Bonds are released from escrow to the Developer as provided in the Escrow Agreement.

(12) "Subordinate Debt Service Fund" means the account of that name established pursuant to the terms of the Indenture.

(13) "Trustee" means the trustee identified in the Indenture.

B. Acting pursuant to the Tax Increment Act, the Special Taxing District Act and consistent with the Formation Resolution, it is hereby found and determined that the issuance of the subordinate bonds, as further described herein (the "Subordinate Bonds"), for delivery to the Developer for the purpose of providing funds for the financing or reimbursement of a portion of the costs of the Convention Center, accomplishes the public purposes of the Tax Increment Act and the Special Taxing District Act and is consistent with the Formation Resolution and pursuant to this Act, the County has complied with Section 14-206 of the Tax Increment Act, Section 9-1301(f) of Article 24 of the Annotated Code of Maryland and Section 10-269 of the Prince George's County Code.

C. A description of the Convention Center to be financed as permitted by the Special Taxing District Act and the Tax Increment Act in connection with the Special Taxing District and the Development District is set forth in Exhibit A attached hereto and made a part hereof and includes costs related to such improvements which are intended to be funded or reimbursed with the issuance of the Subordinate Bonds.

D. Within thirty (30) days of the issuance of the Subordinate Bonds, the Director of Finance of the County shall record among the Land Records of the County at the cost of the Special Taxing District a notice to the effect that all hotels located in the National Harbor Convention Center Special Taxing District shall continue to be subject to the Special Hotel Rental Tax until such time as the Director of Finance records a release stating that all the Bonds and all the Subordinate Bonds have matured or been paid in full in accordance with their terms.

E. Consistent with the provisions of the Formation Resolution and in accordance with the

1 Tax Increment Act, so long as the Subordinate Bonds remain outstanding, the County shall
 2 continue to deposit into the Tax Increment Fund all real property taxes with respect to the
 3 Development District received by the County for any Tax Year after the effective date of the
 4 Formation Resolution equal to that portion of the taxes payable to the County representing the
 5 levy on the Tax Increment that would normally be paid to the County as well as the Hotel Tax
 6 collected by the County. In addition, the levy and imposition of the Special Hotel Rental Tax by
 7 the County shall continue so long as the Subordinate Bonds remain outstanding. Monies in the
 8 Tax Increment Fund and Special Taxing District Fund are pledged to the Subordinate Bonds on a
 9 subordinate basis as to the pledge with respect to the Bonds and related payments as more
 10 particularly described herein. Consistent with the Formation Resolution, the Ordinance, this Act
 11 and the Indenture, monies in the Tax Increment Fund and Special Taxing District Fund shall be
 12 paid out in the following order of priority:

13 (1) On or before each Interest Payment Date, on each date on which the principal or
 14 redemption price of any Bonds becomes due and on any other date required for the payment of
 15 any other obligations relating to the District, the County shall withdraw from the Tax Increment
 16 Fund and the Special Tax Fund and transfer the following amounts to the Trustee for deposit to
 17 the following funds in the following order of priority: (i) to the Administrative Expense Fund,
 18 the amount necessary to pay Administrative Expenses relating to the District and (ii) to the Debt
 19 Service Fund, the amount necessary, taking into account any amounts then on deposit in the Debt
 20 Service Fund to make the amount in the Debt Service Fund equal to the principal and interest
 21 due on the Bonds on such date and to pay any principal and interest due on the Bonds that has
 22 been previously deferred and remains due and owing; provided, however, if amounts available in
 23 the Debt Service Fund are not sufficient to pay both principal and interest past and presently due
 24 on the Bonds, deferred principal and interest will be paid first with interest being paid prior to the
 25 payment of principal and, as to non-deferred principal and interest, interest will be paid first and
 26 then principal. Notwithstanding the above and the provisions of Section E(2) below, the required
 27 payment of interest accrued from the date of issuance of the Bonds through the date of delivery
 28 of the Bonds to the Developer as well as the payment of 36 calendar months of principal from
 29 the date of delivery of the Bonds to the Developer shall be subordinate to the funding of the
 30 transfer to the bond trustee for the Infrastructure Bonds of an amount equal to the National
 31 Harbor Convention Center Excess Development District Taxes. As to the period described in the

preceding sentence, current interest would be payable during such period on an unsubordinated basis with the unsubordinated payment of principal commencing after the expiration of the 36th calendar month period.

(2) On July 1 of each year, after payment of all principal and interest due on the Bonds outstanding on July 1 and the preceding January 1 and any transfer to the Administrative Expense Fund required by clause E(1)(i) above, if there are any funds on deposit in, or deposited to, the Tax Increment Fund and the Special Tax Fund, the County shall withdraw and transfer the following amounts to the Trustee to be used as follows: (i) while the Bonds are outstanding, to fund the transfer to the bond trustee for the Infrastructure Bonds of an amount equal to the National Harbor Convention Center Excess Development District Taxes, if applicable; (ii) while the Bonds are outstanding, if moneys in such funds are still available after application pursuant to clause (i) of this Section E(2), to fund the transfer to the Trustee for deposit into the Marketing and Maintenance Fund of an amount equal to up to Two Million Dollars (\$2,000,000) for the initial Fiscal Year after issuance of the Bonds, which amount shall escalate by three percent (3%) each Fiscal Year thereafter while the Bonds remain outstanding.

(3) On September 1 of each year, after payment of the amount required by Sections E(1) and (2) above, if there are any funds on deposit in, or deposited to, the Tax Increment Fund and the Special Tax Fund, (i) the County shall withdraw an amount equal to the Annual County Payment due on such date and any Annual County Payment that has been previously deferred and remains due and owing provided, however, if amounts available in the funds are not sufficient to pay the Annual County Payment both past and presently due, the deferred payment will be paid first followed by the current payment and (ii) if moneys in such funds are still available after application pursuant to clause (i) of this Section E(3) the County shall withdraw and transfer to the Trustee for deposit to the Subordinate Debt Service Fund, the amount necessary, taking into account any amounts then on deposit in the Subordinate Debt Service Fund to make the amount in the Subordinate Debt Service Fund equal to the principal and interest due on the Subordinate Bonds on such date and to pay any principal and interest due on the Subordinate Bonds that has been previously deferred and remains due and owing; provided, however, if amounts available in the Subordinate Debt Service Fund are not sufficient to pay both principal and interest past and presently due on the Subordinate Bonds, deferred principal and interest will be paid first with interest being paid prior to the payment of principal and, as to

1 non-deferred principal and interest, interest will be paid first and then principal.

2 (4) On September 1 of each year, after payment of the amounts required by Sections
3 E(1), (2) and (3) above, if there are any funds on deposit in, or deposited to, the Tax Increment
4 Fund and the Special Tax Fund, the County shall withdraw the balance of such monies free and
5 clear of the lien of the Indenture.

6 The pledge of the taxes representing the levy on the Tax Increment, the Hotel Tax and the
7 Special Hotel Rental Tax shall be released at the time the Subordinate Bonds have matured or
8 been paid in full in accordance with their terms.

9 F. Assuming the conditions precedent set forth in this Act have been met, the Subordinate
10 Bonds shall be issued in the aggregate principal amount of Fifty Million Dollars (\$50,000,000).
11 The Subordinate Bonds will be utilized solely to finance or reimburse a portion of the costs of
12 the Convention Center for delivery to the Developer as permitted pursuant to the provisions of
13 this Act, the Special Taxing District Act and the Tax Increment Act. The Subordinate Bonds
14 will be payable, on a subordinate basis, from the amounts levied and deposited in the Tax
15 Increment Fund created by the Formation Resolution, including the Hotel Tax, as well as the
16 Special Hotel Rental Tax to be levied and deposited in the Special Taxing District Fund, as
17 described above. Provisions may be made for municipal bond insurance or any other type of
18 financial guaranty of the Subordinate Bonds, if applicable, and provisions for remarketing such
19 Subordinate Bonds in the future shall be included. In addition, the Subordinate Bonds may be
20 secured through the establishment of additional sinking funds or the pledge of other assets and
21 revenues toward the payment of the principal and interest on the Subordinate Bonds, if
22 applicable. The Subordinate Bonds issued hereunder are a special obligation of the County and
23 do not constitute a general obligation debt of the County or a pledge of the County's full faith
24 and credit or taxing power except for its pledge, on a subordinate basis, of the Special Hotel
25 Rental Tax, the Hotel Tax and the taxes representing the levy on the Tax Increment. In addition,
26 the Subordinate Bonds issued hereunder may be refunded by bonds issued under the Tax
27 Increment Act and/or the Special Taxing District Act.

28 G. The Subordinate Bonds shall be executed in the name of the County and on its behalf
29 by the County Executive, by manual or facsimile signature, the corporate seal of the County or a
30 facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the Clerk of
31 the County Council or the Chief Administrative Officer by manual or facsimile signature.

Amendments to or any amendment and restatement of the Development Agreement,
 amendments to or any amendment and restatement of the Indenture and, where applicable, all
 other documents to be amended, amended and restated or executed anew, as the County
 Executive deems necessary to effectuate the issuance and delivery of the Subordinate Bonds,
 shall be executed in the name of the County and on its behalf by the County Executive, the
 Director of Finance, or the Deputy Chief Administrative Officer for Budget, Finance and
 Administration 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
 Subordinate Bonds or on any of the aforesaid documents ceases to be such officer before the
 delivery of the Subordinate 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, the Chief Administrative Officer and the Chief Administrative Officer for
 Budget, Finance and Administration 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 and consistent with the Formation Resolution.

The Subordinate Bonds shall be issued to the Developer if and when the Developer
 completes and opens for business the hotel located adjacent to the Convention Center which
 hotel shall contain at least 2,000 rooms. 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 delivery of the
 Subordinate Bonds, within the limitations of the Special Taxing District Act, the Tax Increment
 Act and this Act and consistent with the Formation Resolution.

H. The Subordinate Bonds shall have the following terms and conditions:

(1) the Subordinate Bonds shall bear a non-compounding fixed rate of interest equal
 to ten per cent (10%) per annum, shall have a September 1 interest and principal payment date,
 and shall mature on the last September 1 payment date that occurs within thirty (30) years from
 the date of their issuance.

(2) if a payment of principal and interest due and owing with respect to the Subordinate Bonds cannot be paid on the related payment date it shall be deferred; provided, that if and when amounts on deposit in, or deposited to the Tax Increment Fund and the Special Tax Fund are available to make deferred payments, such deferred payments shall be made without any penalty, interest or premium; and, provided further, that, if there is insufficient funds to make payment of all amounts due and owing on the final maturity date of the Subordinate Bonds, the obligation with respect to such Subordinate Bonds shall be forgiven.

(3) the Subordinate Bonds shall have the same optional redemption and extraordinary optional redemption provisions as the Bonds with a maturity date of July 1, 2033.

I. Subject to the provisions of this Act, the County Executive by executive order shall prescribe the following with respect to the Subordinate Bonds provided, however, that such terms and conditions must be consistent with the provisions of this Act, the Tax Increment Act and the Special Taxing District Act;

(1) Shall prescribe the form of the Subordinate Bonds, the denominations and the debt service schedule with respect to the Subordinate Bonds, which shall include the mandatory sinking fund schedule;

(2) 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 Subordinate Bonds;

(3) Shall approve the form and contents of, and execute and deliver (where applicable), amendments to or any amendment and restatement of the Development Agreement, amendments to or any amendment and restatement of the Indenture and such other documents to which the County is a party and which may be necessary to effectuate the issuance and delivery of the Subordinate Bonds;

(4) 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 and delivery of the Subordinate Bonds, including (without limitation) costs of printing (if any) and issuing the Subordinate Bonds, 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

(5) Shall do any and all things necessary, proper or expedient in connection with the issuance and delivery of the Subordinate 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,

1 subject to the limitations set forth in the Special Taxing District Act and the Tax Increment Act
2 and any limitations prescribed by this Act and consistent with the Formation Resolution.

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

6 SECTION 2. BE IT FURTHER ENACTED, that the provisions of this Act are severable,
7 and if any provision, sentence, clause, section or part hereof is held or determined to be illegal,
8 invalid or unconstitutional or inapplicable to any person or circumstances, such illegality,
9 invalidity or unconstitutionality or inapplicability shall not affect or impair any of the remaining
10 provisions, sentences, clauses, sections or parts of this Act or their application to other persons or
11 circumstances. It is hereby declared to be the legislative intent that this Act would have been
12 passed if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause,
13 section or part had not been included herein, and as if the person or circumstances to which this
14 Act or any part hereof are inapplicable had been specifically exempted herefrom.

15 SECTION 3. BE IT FURTHER ENACTED, that the Subordinate Bonds being authorized
16 herein and the construction costs of the Convention Center for which said Subordinate Bonds are
17 authorized and issued are not deemed to be construction, monetary contributions or procurement
18 for purposes of Subtitle 10A of the Prince George's County Code and public improvements
19 funded in whole or in part by said Subordinate Bonds are specifically exempted from the
20 provisions of Subtitle 10A, provided however, that Section 10A-121 and Sections 2-247 through
21 2-253.05, of the Prince George's County Code shall apply.

22 SECTION 4. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
23 calendar days after it becomes law and that any prior inconsistent acts or ordinances or parts
24 thereof are hereby repealed.

Adopted this 18th day of July, 2006.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Thomas E. Dernoga
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

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

EXHIBIT A
DESCRIPTION OF CONVENTION CENTER

The Convention Center is an integral component of the Gaylord National Harbor Hotel and Convention Center. The Hotel and its public entrances are located on the Northern portion of the site, while the Convention Center building, or “block”, and its public entry are located on the Southern portion of the site. The two components of the project are joined by a multi-level circulation mall that connects the Hotel and Convention Center at the project’s primary public levels.

The Convention Center is organized on four levels and connects directly to the Hotel on its three primary levels which are the lower level Exhibition Level, the Convention Services Mezzanine & Hotel Lobby Level, and the Ballroom Level. The fourth level of the Convention Center contains the balance of the meeting rooms.

The Convention Center will consist of an Exhibition Hall, Ballrooms, Meeting Rooms, their respective pre-function spaces, front-of-house spaces and back-of-house support spaces. The meeting space and pre-function spaces will occupy at least 350,000 square feet, while the remainder of the Convention Center will consist of back-of-house support elements. In addition, the Convention Center will contain some spaces that jointly support the Convention Center and Hotel.

The total, turn-key cost of the Convention Center portion of the project is approximately \$280,000,000, which includes all of the direct function and support square footage of the Convention Center and its associated furniture, fixtures and equipment, and a proration of costs for shared areas of the overall project. Overall project costs that have been prorated include design and technical fees, land, site work, parking, driveways and porte cochere, food & beverage support, pre-opening, capitalized interest and the central mechanical, electrical & plumbing components of the overall project.

EXHIBIT B
ANNUAL COUNTY PAYMENT
 (Subject to Adjustment)

Payment Date	Annual County Payment
1-September-06	\$0
1-September-07	\$0
1-September-08	\$0
1-September-09	\$0
1-September-10	\$0
1-September-11	\$0
1-September-12	\$0
1-September-13	\$0
1-September-14	\$2,253,839
1-September-15	\$4,081,100
1-September-16	\$4,464,912
1-September-17	\$4,863,516
1-September-18	\$5,273,060
1-September-19	\$5,695,103
1-September-20	\$6,131,213
1-September-21	\$6,577,970
1-September-22	\$7,042,366
1-September-23	\$7,516,004
1-September-24	\$8,006,299
1-September-25	\$8,510,279
1-September-26	\$9,030,384
1-September-27	\$9,564,068
1-September-28	\$10,114,199
1-September-29	\$10,683,658
1-September-30	\$11,270,341
1-September-31	\$11,867,558
1-September-32	\$12,489,435
1-September-33	\$13,129,315
1-September-34	\$22,301,356
1-September-35	\$27,436,487
1-September-36	\$28,260,017
1-September-37	\$29,108,252
1-September-38	\$29,981,934

EXHIBIT C
AMENDMENT No. TWO

Gaylord – National Harbor
Local and Minority Business Utilization and
LOCAL RESIDENT PARTICIPATION AGREEMENT

This Amendment No. TWO (“the Amendment No. TWO”) to the Gaylord Local and Minority Business Utilization and Local Resident participation Agreement (the “Participation Agreement”) dated as of July _____, 2006, is entered into by and between Prince George’s County, Maryland, (the “County”) and Gaylord Entertainment Company (“Gaylord”).

Recitals

WHEREAS, the County and Gaylord entered into a Gaylord Local and Minority Business Utilization and Local Resident Participation Agreement dated May 10, 2004 (the “Participation Agreement”); and

WHEREAS, the Participation Agreement provides that local businesses, minority business enterprises and local minority business enterprises “collectively as “LBEs/MBEs”), shall be afforded every opportunity to participate in the economic opportunities created by development of National Harbor; and

WHEREAS, there is a need to clarify the requirements of participation of Local Minority Business Enterprises (“LMBEs”) as well as Minority Business Enterprises (“MBEs”) in the construction, operation and maintenance of the Gaylord hotel and convention center at National Harbor (the “Project”); and

WHEREAS, the County has authorized Fifty Million Dollars (\$50,000,000) of Special Taxing District Act Bonds (the "Subordinate Bonds") to be issued to Gaylord only upon satisfaction of the Bond Release provisions set forth herein; and

WHEREAS, the County and Gaylord desire to assist Prince George's Community College in the development of the hospitality program to provide training for food and beverage services personnel required for ongoing operation of the Project.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties agree to amend the Participation Agreement as follows:

1. Section 3 (a) shall be amended to reflect a decrease in the percentage of total costs incurred for construction pursuant to contracts with MBEs, delete LBEs, and set a minimum participation requirement for MBEs. That Section is hereby amended to read:

“(a) Commencing with contracts for work signed after June 1, 2006, Gaylord shall use its Best Efforts to cause twenty percent (20%) of the total costs incurred in connection with the construction of the Project to be incurred pursuant to contracts with MBEs. The total value of the remaining Project costs that have not yet been contracted as of June 1, 2006, after adjusting for the excluded categories listed below, is presently estimated at \$350 million. In no event, however, commencing with contracts for work signed after June 1, 2006, shall less than fifteen percent (15%) of the total costs incurred in connection with the construction of the Project be incurred pursuant to contracts made with MBEs. The requirements of this Section 3(a), however, shall not apply to general contractors’ overhead or fee, architect and engineering fees, and the construction of (1) themed architecture or (2) structural steel and atriums.”

2. Section 3 (b) shall be amended to reflect a decrease in the percentage of total costs incurred for operation and maintenance pursuant to contracts with MBEs, delete LBEs, and set a minimum participation requirement for MBEs and to define the term “operation and maintenance”. That Section is hereby amended to read:

“(b) In contracting for the operation and maintenance of the Project, price, quality and any other material consideration being equal, Gaylord shall use its Best Efforts to award twenty percent (20%) of the operation and maintenance contracts to MBE contractors. In no event shall less than fifteen percent (15%) of the annual value of such contracts (exclusive of taxes, debt

service, insurance, utilities and loan closing costs) be incurred pursuant to contracts made with MBEs. To the extent that Gaylord enters into third party contracts for such services, whether directly or in conjunction with distributors, “operation and maintenance” includes but is not limited to the following: purchasing of replacement furnishings, fixtures, equipment and other personal property, telecommunications, audio services, clean up and trash removal, housekeeping/janitorial services, crate storage, security, lighting, rigging, show maintenance and staging, decorating, HVAC, electrical, computer and network systems, UPS systems (Uninterrupted Power Source), roofing maintenance/inspection, elevators, generators, boilers, air handlers, landscaping and building structure maintenance.”

3. Section 3 (d) shall be amended to add state and local governments and recognized MBE certification organizations, such as the National Minority Supplier Development Council for certification purposes. That section is hereby amended to read:

“(d) Certification of all MBEs shall be required. Any MBE certified by one or more of the following entities shall be deemed certified for purposes of this Agreement: the County, Maryland Department of Transportation, the Washington Metropolitan Area Transit Authority, any federal, state or local governmental agency, and nationally recognized MBE certification organizations, such as the National Minority Supplier Development Council.”

4. Section 4 shall be amended to include Gaylord’s commitment to help fund the start-up of a hospitality program at Prince George’s Community College. Section 4 shall be amended to read:

Business and Educational Opportunities:

(i) It is currently anticipated that National Harbor, at full build out, may encompass retail, dining, entertainment and hospitality uses. To further assist the County in the implementation of its policy to provide economic opportunities, Gaylord shall develop in conjunction with the Oversight Committee, a program of incentives and other measures to attract and create opportunities for LBEs/MBEs.

(ii) In addition, in the furtherance of supporting workforce development in Prince George’s County, Gaylord shall contribute \$1 million over three (3) years from the

effective date of this Amendment Number Two to Prince George's Community College ("PGCC") to help fund the start up of a hospitality program. The use of the Gaylord funds will be mutually agreed with PGCC and will be used exclusively for the direct start up costs of the hospitality program, including faculty, materials, equipment and curriculum. The intent of the program will be to prepare students for a wide range of hospitality employment opportunities, from entry-level to supervisory and management roles. The programs will focus on meeting and convention planning, culinary and food services, and lodging services.

5. Section 5(a) shall be amended to add an Executive Oversight Committee. The following addition shall be added to Section 5(a) to read:

The Oversight Committee shall report and be subject to the Executive Oversight Committee, which shall consist of the County Executive, the County Council Chair, and the County Council Vice Chair.

6. Section 6 shall be amended to read:

Gaylord shall use its Best Efforts to meet the goals set forth herein. In the event that Gaylord fails to employ Best Efforts as determined by the Oversight Committee's review of the Report (as defined in Section 5) and such failure shall not be cured by Gaylord within thirty (30) days after Gaylord's receipt of notice from the County, then such failure shall be deemed an "Event of Default." At the completion of its construction, should Gaylord fail to meet the minimum percentage contained in 3(a), Gaylord shall be subject to a fine of \$1,000,000. Subsequently, at the end of any one year period in which Gaylord fails to meet the minimum requirements contained in 3(b), Gaylord shall be subject to a fine of \$500,000. During the applicability of this agreement if Gaylord fails to meet the minimum requirements of 3(b) for three consecutive one year periods, the fine shall be increased to \$1,000,000 in the third year. Thereafter, the annual fine reverts to \$500,000 per year except for any subsequent three year occurrence as above. Such amounts represent compensation for the failure to meet a goal freely approved by Gaylord and is a material consideration for the County in issuing the bonds and is not a penalty. Notwithstanding the foregoing, in the event Gaylord disputes a determination of

an Event of Default, Gaylord shall have the right to appeal such determination to a panel of neutral experts to be agreed-upon between Gaylord and the Oversight Committee, and no fine may be assessed against Gaylord until Gaylord has exhausted such appeal. Gaylord agrees to pay all reasonable expenses incurred by a panel of neutral experts.

GAYLORD ENTERTAINMENT COMPANY

By: _____
Authorized Officer

Adopted this _____ day of July, 2006.

PRINCE GEORGE'S COUNTY, MARYLAND

By: _____
Jack B. Johnson, County Executive

APPROVED FOR FORM
AND LEGAL SUFFICIENCY

Prince George's County Office of Law