

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2002 Legislative Session

Bill No. CB-81-2002

Chapter No. 64

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

Introduced by Council Members Knotts, Bailey and Wilson

Co-Sponsors _____

Date of Introduction September 24, 2002

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 from time to time
 4 under the provisions of this Act, Chapter 549 of the Laws of Maryland 1995 (Article 17,
 5 Division 13, Section 10-268 of the Public Local Laws of the State of Maryland), recodified as
 6 Section 10-269 of the Prince George's County Code, as amended and Section 9-1301 of Article
 7 24 of the Annotated Code of Maryland, as amended (collectively, the "Special Taxing District
 8 Act") and CR-63-2002 of the County Council of Prince George's County, Maryland (the
 9 "Formation Resolution") in an amount not to exceed the aggregate principal amount of Seventy-
 10 five Million Dollars (\$75,000,000) for the purpose of repaying a loan or series of loans made or
 11 to be made by an authority or instrumentality of the State of Maryland (the "State Agency") to
 12 the County from the proceeds of bonds issued by such State Agency for the purpose of financing
 13 a portion of the costs of the construction or the acquisition upon completion of the convention
 14 center as more particularly described herein, or, at the option of the County, for the County to
 15 finance a portion of the costs of the construction or acquisition upon completion of the
 16 convention center, making certain findings and determinations, among others, concerning the
 17 public benefit and purpose of such special obligation bonds; providing for the levy of the Special
 18 Tax District Hotel Tax (defined below); providing that such special obligation bonds authorized
 19 to be issued hereby shall be payable, first, from the Hotel Tax (defined in the Formation
 20 Resolution) and the Special Tax District Hotel Tax and, secondly, to the extent such taxes are
 21 insufficient for the payment of debt service on such special obligation bonds and to the extent

1 amounts are required for deposit in funds and accounts created within the indenture providing for
2 the issuance of the State Agency bonds or the special obligation bonds to replenish deficiencies
3 therein and to pay the administrative expenses of the County and/or the State Agency, from the
4 special tax to be levied and deposited in the Special Taxing District Fund (as defined in the
5 Formation Resolution) and that the special obligation bonds shall not constitute a general
6 obligation debt of the County or a pledge of the County's full faith and credit or taxing power
7 other than the Special Tax, the Hotel Tax (both as defined in the Formation Resolution) and the
8 Special Tax District Hotel Tax levied; providing that the Special Tax shall be levied pursuant to
9 the Formation Resolution; authorizing the County Executive of the County to specify, prescribe,
10 determine, provide for and approve certain details, forms, documents or procedures in
11 connection with such special obligation bonds issued hereunder and any other matters necessary
12 or desirable in connection with the authorization, issuance, sale and payment of such special
13 obligation bonds and the repayment of a loan or loans from a State Agency if such loan or loans
14 are secured by the County special obligation bonds; authorizing the County Executive to take
15 certain actions, to execute documents and make certain commitments on behalf of the County in
16 connection with the issuance, sale and delivery of such special obligation bonds; authorizing the
17 execution and delivery of such special obligation bonds and such other documents as may be
18 necessary and desirable to effectuate the financing of the convention center, the repayment of the
19 State Agency loan or loans, if applicable, and the issuance, sale and delivery of such special
20 obligation bonds; and generally providing for, and determining various matters in connection
21 with, the issuance, sale, delivery and payment of such special obligation bonds.

22 WHEREAS, in order to assist in facilitating the financing of a portion of the costs for the
23 construction or acquisition upon completion of the convention center described in Exhibit A
24 attached hereto and made a part hereof, the County will either issue its special obligation bonds
25 to fund such construction or acquisition or issue its special obligation bonds to secure State
26 Agency bonds to be issued, the proceeds of which will be lent to the County to provide for the
27 construction or acquisition upon completion of such convention center; and

28 WHEREAS, the owners of real property in the National Harbor Convention Center
29 Special Taxing District plan to construct the convention center as part of a mixed use
30 development comprising retail, commercial, residential and office facilities; and

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

4 WHEREAS, the Formation Resolution has heretofore designated an area within the
 5 County to be known as the “National Harbor Convention Center Special Taxing District” as a
 6 “special taxing district” as that term is used in the Special Taxing District Act and has authorized
 7 the levy of the Special Tax pursuant to the provisions of Exhibit B attached thereto to provide for
 8 the payment of the special obligation bonds as well as other payments; and

9 WHEREAS, to the extent that the Hotel Tax and the Special Tax District Hotel Tax in
 10 any given fiscal year of the County exceeds the debt service payable on the special obligation
 11 bonds in any such fiscal year, as well as any other payment required to be satisfied by such taxes,
 12 such excess may be paid over at the end of each such fiscal year or as otherwise provided by the
 13 County to the owners of the real property in the National Harbor Convention Center Special
 14 Taxing District or their respective designees in such amounts and for such uses as determined by
 15 the County Executive pursuant to the provisions of this Act and the Special Taxing District Act;
 16 and

17 WHEREAS, the convention center to be financed will be owned by the County or other
 18 governmental entity, but maintained by the developer of the convention center pursuant to an
 19 agreement with the County or other governmental entity; and

20 WHEREAS, the special obligation bonds will be issued and secured pursuant to the
 21 provisions of the Formation Resolution and the Special Taxing District Act; now therefore,

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

24 A. The words and terms used in this Act that are defined in the Special Taxing District Act or
 25 the Formation Resolution shall have the meanings indicated in the Special Taxing District Act
 26 and the Formation Resolution, as the case may be, unless the context clearly requires a contrary
 27 meaning.

28 B. Acting pursuant to the Special Taxing District Act and the Formation Resolution, it is hereby
 29 found and determined that the issuance of the Bonds, as hereinafter defined, for delivery to the
 30 original purchaser in connection with a public offering or private placement or to a State Agency
 31 to evidence the repayment of a loan or loans from such State Agency and to secure the State

1 Agency bonds, all for the purpose of providing funds for the financing a portion of the costs of
2 construction or acquisition upon completion of the convention center related to the mixed use
3 development occurring within the National Harbor Convention Center Special Taxing District,
4 accomplish the public purposes of the Special Taxing District Act and the Formation Resolution
5 and pursuant to the Formation Resolution and this Act, the County has complied with Section
6 14-206 of the Tax Increment Act, Section 9-1301 (f) of Article 24 of the Annotated Code of
7 Maryland and Section 10-269 of the Prince George's County Code.

8 C. The convention center to be financed as permitted by the Special Taxing District Act in
9 connection with the National Harbor Convention Center Special Taxing District is better
10 described in Exhibit A attached hereto and made a part hereof including costs related to such
11 improvements which are intended to be funded with the issuance of the Bonds.

12 D. Before the Bonds are issued, the Financial Officer of the County shall record among the Land
13 Records of the County at the cost of the National Harbor Convention Center Special Taxing
14 District a declaration encumbering all real property located in the National Harbor Convention
15 Center Special Taxing District except for property exempt by law and designating that property
16 as subject to a special taxing district. The declaration shall terminate when the Financial Officer
17 records a release stating that all Bonds are fully repaid or have been defeased.

18 E. No Special Tax shall accelerate by reason of a default on the Bonds issued to finance the
19 construction or acquisition upon completion of the convention center.

20 F. No increase in the amount of the Special Tax levied shall result in a levy that exceeds the
21 maximum Special Tax applicable to any individual property in the National Harbor Convention
22 Center Special Taxing District if any other property owner becomes delinquent in the payment of
23 its Special Tax securing the Bonds issued to finance the construction or acquisition upon
24 completion of the convention center.

25 G. A levy and imposition of a tax by the County of five percent (5%) on all gross amounts of
26 money paid to the owners or operators of hotels located in the National Harbor Convention
27 Center Special Taxing District by transient guests or tenants for renting, using or occupying a
28 room or rooms in hotels located in the National Harbor Convention Center Special Taxing
29 District to be collected at the times and in the manner as the Hotel Tax is hereby authorized and
30 shall be referred to as the "Special Tax District Hotel Tax."

1 H. The County hereby covenants to levy the Hotel Tax and the Special Tax District Hotel Tax
2 and to deposit such amounts into the Special Taxing District Fund.
3 The County further covenants to levy the Special Tax in rate and amount at least sufficient in
4 each year in which any of the Bonds are outstanding to provide for the payment of the principal
5 of and interest on the Bonds to the extent that the Hotel Tax and the Special Tax District Hotel
6 Tax are insufficient to pay the principal and interest on the Bonds, to provide for replenishment
7 of any debt service reserve fund securing the Bonds or the State Agency bonds as well as for the
8 payment of County and/or State Agency administrative expenses as provided in the Formation
9 Resolution. The Special Tax also may be levied with respect to refunding bonds issued under
10 the Special Taxing District Act pursuant to the provisions of an ordinance or resolution enacted
11 or adopted by the County in connection with the issuance of such refunding bonds. Monies in
12 the Special Taxing District Fund are pledged to the payment of the Bonds. A Special Tax will be
13 levied and imposed upon all real and personal property within the National Harbor Special
14 Taxing District, unless exempted by law or by the provisions hereof, for the purposes, to the
15 extent and in the manner provided in Exhibit B to the Formation Resolution through the
16 application of the procedures provided therein; provided however, that the maximum amount of
17 the Special Tax may be reduced as provided in Exhibit B to the Formation Resolution at the time
18 of the sale of the Bonds to reflect an actual rate of interest on the Bonds of less than ten percent
19 (10%) per annum and the amount of Bonds actually issued to take into consideration a reduction
20 in the debt service on the Bonds by the County Executive. The Special Tax levied and imposed
21 by the Formation Resolution in the National Harbor Special Taxing District shall take effect and
22 be in force for the fiscal year beginning July 1, 2003, provided that such Special Tax shall
23 terminate when the Bonds are no longer outstanding which, for purposes of this Act as it relates
24 only to the Special Tax, shall mean the Bonds have been fully repaid or defeased.

25 Monies in the Special Taxing District Fund are pledged to the payment of the Bonds,
26 provided that amounts may be withdrawn by the County Executive in accordance with the
27 provisions of the indenture pursuant to which the Bonds are issued at the end of any fiscal year
28 of the County for remittance to the owners of real property in the National Harbor Convention
29 Center Special Taxing District or their respective designees for use by such owners and
30 designees for any purpose that the County may legally use them, including but not limited to the
31 promotion and marketing of the mixed use development and the maintenance of the convention

1 center financed. The amounts of such remittances, the purposes for which they will be used and
2 any other conditions or provisions related thereto shall be contained in an agreement to be
3 executed between the County and such owners of real property or their respective designees,
4 provided that such agreement shall provide that monies in the Special Taxing District Fund will
5 only be permitted to be withdrawn to the extent, and only to the extent, that the monies in the
6 Special Taxing District Fund at the end of any fiscal year exceeds the amount needed to pay debt
7 service on the Bonds, to replenish any debt service reserve fund securing such Bonds or State
8 Agency bonds and to pay administrative costs of the County related to the National Harbor
9 Convention Center Special Taxing District and the issuance of the Bonds

10 The pledge of the Hotel Tax and the Special Tax District Hotel Tax shall be released at the time
11 the Bonds are paid in full or defeased. The Special Tax District Hotel Tax will also terminate
12 upon the payment in full or defeasance of the Bonds.

13 I. The special obligations bonds may be issued in one or more series in an aggregate principal
14 amount not to exceed Seventy-five Million Dollars (\$75,000,000) (the "Bonds"). The proceeds
15 of the Bonds will be utilized solely to finance a portion of the costs of the convention center as
16 better described in Exhibit A attached hereto and made a part hereof through the issuance of such
17 Bonds for delivery to the original purchaser in connection with a public offering or private
18 placement or to a State Agency to evidence the repayment of a loan or a series of loans and to
19 secure the State Agency bonds as permitted pursuant to the provisions of the Special Taxing
20 District Act. The Bonds will be payable, first, from the Hotel Tax and from the Special Tax
21 District Hotel Tax and, secondly, to the extent such taxes are insufficient to pay debt service on
22 such Bonds and to the extent amounts are required for deposit in any debt service reserve fund
23 securing the Bonds or the State Agency bonds to replenish deficiencies therein, and to pay
24 County and/or State Agency administrative expenses related to the National Harbor Convention
25 Center Special Taxing District from the Special Tax to be levied and deposited in the Special
26 Taxing District Fund. Provisions may be made for municipal bond insurance or any other type
27 of financial guaranty of the Bonds, if applicable. In addition, the Bonds may be secured through
28 the establishment of additional sinking funds or the pledge of other assets and revenues toward
29 the payment of the principal and interest on the Bonds, if applicable. The Bonds issued
30 hereunder are a special obligation of the County and do not constitute a general obligation debt
31 of the County or a pledge of the County's full faith and credit or taxing power except for the levy

1 of the Hotel Tax, the Special Tax District Hotel Tax and the Special Tax. In addition, Bonds
2 issued hereunder may be refunded by bonds issued under the Special Taxing District Act.

3 J. The Bonds shall be executed in the name of the County and on its behalf by the County
4 Executive, by manual or facsimile signature, the corporate seal of the County or a facsimile
5 thereof shall be impressed or otherwise reproduced thereon and attested by the Clerk of the
6 County Council or the Chief Administrative Officer by manual or facsimile signature. If
7 applicable, the loan agreement to be entered into between the County and the State Agency (the
8 "Loan Agreement"), the acquisition or development agreement(s) to be entered into among the
9 County, any other governmental entity, if necessary, the State Agency, if applicable, and the
10 developer of the National Harbor Convention Center Special Taxing District to provide for the
11 construction by the developer or the acquisition by the County of the improvements related to the
12 National Harbor Convention Center Special Taxing District (the "Acquisition Agreement") and,
13 where applicable, all other documents as the County Executive deems necessary to effectuate the
14 issuance, sale and delivery of the Bonds of any series, shall be executed in the name of the
15 County and on its behalf by the County Executive by manual signature, and the corporate seal of
16 the County or a facsimile thereof shall be impressed or otherwise reproduced thereon and
17 attested by the Clerk of the County Council or the Chief Administrative Officer by manual
18 signature. Promptly upon enactment of this Act by the County Council, the County Executive
19 or, with the County Executive's written approval, the Financial Officer, shall obtain a letter of
20 intent or similar undertaking from the owners of real property in the National Harbor Convention
21 Center Special Taxing District, the developer of the National Harbor Convention Center Special
22 Taxing District or such of said person or entities or other interested persons or entities as the
23 County Executive or, with the County Executive's written approval, the Financial Officer, shall
24 deem appropriate, providing assurances in form and substance satisfactory to the County
25 Executive or, with the County Executive's written approval, the Financial Officer, regarding
26 payment by such persons or entities of administrative and transactions costs in connection with
27 the issuance, sale and delivery of the Bonds and the consummation of the transactions
28 contemplated hereby and regarding such other matters as shall be deemed to be appropriate. If
29 any officer whose signature or countersignature or a facsimile of whose signature or
30 countersignature appears on the Bonds of any series or any of the aforesaid documents ceases to
31 be such officer before the delivery of the Bonds of such series or any of the other aforesaid

1 documents, such signature or countersignature or such facsimile shall nevertheless be valid and
2 sufficient for all purposes, the same as if such officer had remained in office until delivery. The
3 County Executive, the Clerk of the County Council and other officials of the County are hereby
4 authorized and empowered to do all such acts and things and execute such documents and
5 certificates as the County Executive may determine to be necessary to carry out and comply with
6 the provisions of this Act, subject to the limitations set forth in the Special Taxing District Act
7 and this Act.

8 K. The Bonds shall be delivered to the original purchaser in connection with a public offering or
9 private placement or privately placed with a State Agency upon such terms and conditions as the
10 County Executive shall approve. The County Council deems it to be in the best interest of the
11 County to authorize the County Executive to approve the terms of the sale of the Bonds, within
12 the limitations of the Special Taxing District Act and this Act.

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

14 (1) shall prescribe the form, tenor, terms and conditions of and security for the
15 Bonds, including the allocation of the Hotel Tax;

16 (2) shall prescribe the principal amounts, rate or rates of interest which shall not
17 exceed ten percent (10%) per annum, premiums, if any, denominations, date, maturity or
18 maturities (with the limits prescribed in the Special Taxing District Act), and the time and place
19 or places of payment of the Bonds, and the terms and conditions and details under which the
20 Bonds may be called for redemption prior to their stated maturities;

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

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

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

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

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

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

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

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

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

24 SECTION 3. BE IT FURTHER ENACTED that this Act shall take effect 45 days from
25 the date it becomes law.

Adopted this 16th day of October, 2002.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Peter A. Shapiro
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____

BY: _____
Wayne K. Curry
County Executive

EXHIBIT A

**NATIONAL HARBOR
CONVENTION CENTER
PRELIMINARY COST ESTIMATE**

ITEM

CONTRIBUTION TO COST

A convention and meeting facility of not less than 275,000 square feet consisting of exhibition and meeting rooms and associated facilities to be built within the National Harbor Convention Center Special Taxing District. The building may share common walls and certain infrastructure with a hotel to be constructed adjacent to the convention center building including parking. The cost of the convention center including architectural, engineering, construction, furniture, fixtures and equipment shall be in excess of \$100 million.

\$50,000,000