

COUNTY COUNCIL OF PRINCE GEORG'S COUNTY, MARYLAND

2021 Legislative Session

Bill No. CB-62-2021

Chapter No. 62

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

Introduced by Council Members Hawkins, Davis, Turner, Harrison, Dernoga, and Franklin

Co-Sponsors _____

Date of Introduction October 5, 2021

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 under
4 the provisions of this Act, Sections 12-201 through 12-213, inclusive, of the Economic
5 Development Article of the Annotated Code of Maryland, as amended (the “Tax Increment
6 Act”), Section 10-269 of the Prince George’s County Code, as amended and Section 21-501
7 through Section 21-523 of the Local Government Article of the Annotated Code of Maryland, as
8 amended (collectively, the “Special Taxing District Act”) and CR-25-2004 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 Fifty Million Dollars (\$50,000,000) in order for the
11 County to refund the outstanding aggregate principal amount of Prince George’s County,
12 Maryland Special Obligation Bonds (National Harbor Project) Series 2004 (the “2004 Bonds”);
13 making certain findings and determinations, among others, concerning the public benefit and
14 purpose of such special obligation bonds; providing that such special obligation bonds authorized
15 to be issued hereby shall be payable, first, from the amounts levied and deposited in the Tax
16 Increment Fund (as defined in the Formation Resolution) including certain County hotel
17 occupancy taxes and other tax revenues, secondly, to the extent the Tax Increment Fund does not
18 contain monies in an amount sufficient for payment of debt service on such special obligation
19 bonds and to the extent amounts are required for deposit in funds and accounts created within the
20 indenture providing for the issuance of the special obligation bonds to replenish deficiencies

1 therein and to pay the administrative expenses of the County, from the special tax to be levied
2 and deposited in the Special Taxing District Fund (as defined in the Formation Resolution) and,
3 lastly, to the extent amounts in the Tax Increment Fund and the Special Taxing District Fund are
4 not sufficient to meet the obligations referenced above, from payments made, subject to
5 appropriation, by the County pursuant to a funding agreement approved by the County under the
6 provisions of Section 819 of the County Charter, (the “County Contract Payments”) and that the
7 special obligation bonds shall not constitute a general obligation debt of the County or a pledge
8 of the County’s full faith and credit or taxing power other than the taxes representing the levy on
9 the Tax Increment, the Hotel Tax, the National Harbor Convention Center Excess Development
10 District Taxes and the Special Tax (each as defined in the Formation Resolution); authorizing the
11 County Executive of the County to specify, prescribe, determine, provide for and approve certain
12 details, forms, documents or procedures in connection with such special obligation bonds issued
13 hereunder and any other matters necessary or desirable in connection with the authorization,
14 issuance, sale and payment of such special obligation bonds; authorizing the County Executive to
15 take certain actions, to execute documents and make certain commitments on behalf of the
16 County in connection with the issuance, sale and delivery of such special obligation bonds;
17 authorizing the execution and delivery of such special obligation bonds and such other
18 documents as may be necessary and desirable to effectuate the refunding of the 2004 Bonds and
19 the issuance, sale and delivery of such special obligation bonds; and generally providing for, and
20 determining various matters in connection with, the issuance, sale, delivery and payment of such
21 special obligation bonds.

22 WHEREAS, the 2004 Bonds were issued in order to assist in facilitating the financing for
23 the public infrastructure improvements constructed in the National Harbor Development District
24 and the National Harbor Special Taxing District, related to the development of retail, commercial
25 and office facilities located therein, pursuant to CB-23-2004 (“2004 Authorizing Ordinance”);
26 and

1 WHEREAS, the 2004 Authorizing Ordinance provided that bonds issued thereunder may
2 be refunded by bonds issued under the Tax Increment Act and/or the Special Taxing District Act;
3 and

4 WHEREAS, such refunding will lower debt service costs allowing the County to realize
5 savings and further economic development within the County and thus meet the public purposes
6 contemplated by the Tax Increment Act, the Special Taxing District Act and the Formation
7 Resolution; and

8 WHEREAS, the Formation Resolution has heretofore designated a contiguous area
9 within the County known as the “National Harbor Development District” as a “development
10 district” as that term is used in the Tax Increment Act and has also designated a coincident
11 contiguous area within the County known as the “National Harbor Special Taxing District” as a
12 “special taxing district” as that term is used in the Special Taxing District Act the boundaries of
13 which may be reduced as provided herein; and

14 WHEREAS, the special obligation bonds will be issued and secured pursuant to the
15 provisions of the Tax Increment Act, the Special Taxing District Act and the Formation
16 Resolution; and

17 WHEREAS, to the extent that the taxes representing the levy on the Tax Increment and
18 the Hotel Tax in any given fiscal year of the County exceeds the debt service payable on the
19 special obligation bonds in any such fiscal year, as well as any other payment required to be
20 satisfied by the Tax Increment and the Hotel Tax, such excess will be paid over at the end of
21 each such fiscal year to the owners of the real property in the National Harbor Development
22 District or their respective designees in such amounts and for such uses as set forth herein; and

23 WHEREAS, the public infrastructure improvements financed with the 2004 Bonds are
24 owned by the County but are maintained by the owners of the real property located within the
25 National Harbor Development District and the National Harbor Special Taxing District pursuant
26 to an agreement with the County; now, therefore,

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

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

5 B. Acting pursuant to the Tax Increment Act, the Special Taxing District Act and the
6 Formation Resolution, it is hereby found and determined that the issuance of the Bonds, as
7 hereinafter defined, for delivery to the original purchaser in connection with a public offering or
8 private placement for the purpose of providing funds for the refunding of the 2004 Bonds and
9 accomplish the public purposes of the Tax Increment Act, the Special Taxing District Act and
10 the Formation Resolution and pursuant to the Formation Resolution and this Act, the County has
11 complied with Sections 12-203 and 12-208(c) of the Tax Increment Act, Sections 21-506 and 21-
12 508 of the Special Taxing District Act and Section 10-269 of the Prince George's County Code.

13 C. Pursuant to the provisions of the Formation Resolution and in accordance with the Tax
14 Increment Act, so long as the Bonds remain outstanding, the County shall deposit into the Tax
15 Increment Fund all real property taxes received by the County for any Tax Year after the
16 effective date of the Formation Resolution equal to that portion of the taxes payable to the
17 County representing the levy on the Tax Increment that would normally be paid to the County as
18 well as the Hotel Tax and the National Harbor Convention Center Excess Development District
19 Taxes collected by the County. Monies in the Tax Increment Fund are pledged to the payment of
20 the Bonds, provided that amounts may be withdrawn by the County Executive in accordance
21 with the provisions of the indenture pursuant to which the Bonds are being issued at the end of
22 any fiscal year of the County for remittance to the owners of real property in the National Harbor
23 Development District or their respective designees for use by such owners and designees for
24 promotion and marketing of the mixed use development and the maintenance of the public
25 infrastructure improvements financed in an amount equal to ten percent (10%) of the amount
26 remaining in the Tax Increment Fund derived from the taxes representing the levy on the Tax
27 Increment and Hotel Tax, provided that such monies in the Tax Increment Fund will only be
28 permitted to be withdrawn to the extent, and only to the extent, that the monies in the Tax

1 Increment Fund at the end of any fiscal year exceed the amount needed to pay debt service on the
2 Bonds, to replenish any debt service reserve fund securing such Bonds and to pay administrative
3 costs of the County related to the National Harbor Development District, the National Harbor
4 Special Taxing District and the issuance of the Bonds. The balance remaining in the Tax
5 Increment Fund at the end of any fiscal year of the County after such payments and withdrawals
6 shall be transferred to the general fund of the County.

7 The pledge of the Hotel Tax and the National Harbor Convention Center Excess
8 Development District Taxes shall be released at the time the Bonds are paid in full or defeased.

9 The County hereby covenants to levy the Special Tax in rate and amount at least
10 sufficient in each year in which any of the Bonds are outstanding to provide for the payment of
11 the principal of and interest on the Bonds to the extent of any deficiency in the Tax Increment
12 Fund and to provide for replenishment of any debt service reserve fund securing the Bonds as
13 well as for the payment of County administrative expenses, to the extent such replenishments
14 and expenses are not otherwise provided for, as aforesaid. The Special Tax also may be levied
15 with respect to refunding bonds issued under the Special Taxing District Act pursuant to the
16 provisions of an ordinance or resolution enacted or adopted by the County in connection with the
17 issuance of such refunding bonds. Monies in the Special Taxing District Fund are pledged to the
18 payment of the Bonds. A Special Tax will be levied and imposed upon all real and personal
19 property within the National Harbor Special Taxing District, unless exempted by law or by the
20 provisions hereof, for the purposes, to the extent and in the manner provided in Exhibit B to the
21 Formation Resolution through the application of the procedures provided therein. As set forth in
22 Exhibit B to the Formation Resolution and as provided in Paragraph D, no Special Tax shall be
23 levied to pay debt service on the Bonds unless the Tax Increment Fund does not contain monies
24 in an amount sufficient to pay such debt service on the Bonds, to replenish the debt service
25 reserve fund securing the Bonds and to pay any administrative expenses of the County.

26 Pursuant to Resolution CR-85-2021, adopted by the County Council, the County has
27 entered into a Funding Agreement (the "Funding Agreement") to secure the payments on the
28 Bonds to the extent amounts in the Tax Increment Fund and the Special Taxing District Fund are

1 insufficient. Such County Contract Payments are subject to appropriation by the County. The
2 Funding Agreement will be pledged to secure the Bonds and remain in effect, unless terminated
3 by its provisions, so long as the Bonds remain outstanding.

4 D. The special obligations bonds may be issued in one or more series in an aggregate
5 principal amount not to exceed Fifty Million Dollars (\$50,000,000) (the "Bonds"). The proceeds
6 of the Bonds will be utilized solely to refund the outstanding aggregate principal amount of the
7 2004 Bonds through the issuance of such Bonds for delivery to the original purchaser in
8 connection with a public offering or private placement as permitted pursuant to the provisions of
9 the Special Taxing District Act and the Tax Increment Act. The Bonds will be payable, first,
10 from the amounts levied and deposited in the Tax Increment Fund created by the Formation
11 Resolution including the Hotel Tax and the National Harbor Convention Center Excess
12 Development District Taxes, secondly, to the extent the Tax Increment Fund does not contain
13 monies in an amount sufficient for payment of debt service on such Bonds and to the extent
14 amounts are required for deposit in the debt service reserve fund securing the Bonds to replenish
15 deficiencies therein, and to pay County administrative expenses related to the National Harbor
16 Development District and the National Harbor Special Taxing District from the Special Tax to be
17 levied and deposited in the Special Taxing District Fund and lastly, to the extent amounts in the
18 Tax Increment Fund and Special Taxing District Fund are not sufficient to meet the obligations
19 referenced above, from the County Contract Payments. Provisions may be made for municipal
20 bond insurance or any other type of financial guaranty of the Bonds, if applicable. In addition,
21 the Bonds may be secured through the establishment of additional sinking funds or the pledge of
22 other assets and revenues toward the payment of the principal and interest on the Bonds, if
23 applicable. The Bonds issued hereunder are a special obligation of the County and do not
24 constitute a general obligation debt of the County or a pledge of the County's full faith and credit
25 or taxing power except for the Special Tax, the Hotel Tax, the National Harbor Convention
26 Center Excess Development District Taxes and the taxes representing the levy on the Tax
27 Increment as set forth in the Formation Resolution. In addition, Bonds issued hereunder may be
28 refunded by bonds issued under the Tax Increment Act and/or the Special Taxing District Act.

1 E. The Bonds shall be executed in the name of the County and on its behalf by the County
2 Executive, by manual or facsimile signature, the corporate seal of the County or a facsimile
3 thereof shall be impressed or otherwise reproduced thereon and attested by the Clerk of the
4 County Council or the Chief Administrative Officer by manual or facsimile signature. Where
5 applicable, all other documents as the County Executive deems necessary to effectuate the
6 issuance, sale and delivery of the Bonds of any series, shall be executed in the name of the
7 County and on its behalf by the County Executive by manual signature, and the corporate seal of
8 the County or a facsimile thereof shall be impressed or otherwise reproduced thereon and
9 attested by the Clerk of the County Council or the Chief Administrative Officer by manual
10 signature. If any officer whose signature or countersignature or a facsimile of whose signature or
11 countersignature appears on the Bonds or on any of the aforesaid documents ceases to be such
12 officer before the delivery of the Bonds or any of the other aforesaid documents, such signature
13 or countersignature or such facsimile shall nevertheless be valid and sufficient for all purposes,
14 the same as if such officer had remained in office until delivery. The County Executive, the
15 Clerk of the County Council and other officials of the County are hereby authorized and
16 empowered to do all such acts and things and execute such documents and certificates as the
17 County Executive may determine to be necessary to carry out and comply with the provisions of
18 this Act, subject to the limitations set forth in the Special Taxing District Act, the Tax Increment
19 Act and this Act.

20 F. The Bonds shall be delivered to the original purchaser in connection with a public
21 offering or private placement upon such terms and conditions as the County Executive shall
22 approve. The County Council deems it to be in the best interest of the County to authorize the
23 County Executive to approve the terms of the sale and delivery of the Bonds, within the
24 limitations of the Special Taxing District Act, the Tax Increment Act and this Act.

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

26 (1) shall prescribe the form, tenor, terms and conditions of and security for the
27 Bonds;

1 (2) shall prescribe the principal amounts, rate or rates of interest which shall not
2 exceed seven percent (7%) per annum, premiums, if any, denominations, date, maturity or
3 maturities (within the limits prescribed in the Special Taxing District Act and in the Tax
4 Increment Act), and the time and place or places of payment of the Bonds, and the terms and
5 conditions and details under which the Bonds may be called for redemption prior to their stated
6 maturities;

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

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

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

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

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

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

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

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

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

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

Adopted this 2nd day of November, 2021.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Calvin S. Hawkins
Council Chair

ATTEST:

Donna Brown
Clerk of the Council

APPROVED:

DATE: _____

BY: _____
Angela D. Alsobrooks
County Executive