

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2007 Legislative Session

Bill No. CB-19-2007

Chapter No. _____

Proposed and Presented by Council Member Knotts

Introduced by _____

Co-Sponsors _____

Date of Introduction _____

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, Section 10-269 of the Prince George's County Code, as amended
5 (2003 Edition, 2006 Supplement) and Section 9-1301 of Article 24 of the Annotated Code of
6 Maryland, as amended (2005 Replacement Volume and 2006 Supplement) (collectively, the
7 "Special Taxing District Act") and CR-25-2004 of the County Council of Prince George's
8 County, Maryland (the "Formation Resolution") in an amount not to exceed the aggregate
9 principal amount of Thirty-Five Million Dollars (\$35,000,000) in order for the County to finance
10 the construction of the infrastructure improvements as more particularly described herein;
11 making certain findings and determinations, among others, concerning the public benefit and
12 purpose of such special obligation bonds; providing for the levy of a special tax in the form of a
13 special hotel rental tax and the allocation of such special tax with respect to the special taxing
14 district paid over to a special fund; providing that such special obligation bonds authorized to be
15 issued hereby shall be payable from the amounts levied and deposited in a special fund, as
16 described below, which include the special hotel rental taxes and that the special obligation
17 bonds shall not constitute a general obligation debt of the County or a pledge of the County's full
18 faith and credit or taxing power other than the taxes representing the Special Hotel Rental Tax
19 (defined below); authorizing the County Executive of the County to specify, prescribe,
20 determine, provide for and approve certain details, forms, documents or procedures in
21 connection with such special obligation bonds issued hereunder and any other matters necessary

1 or desirable in connection with the authorization, issuance, sale, delivery and payment of such
2 special obligation bonds; authorizing the County Executive to take certain actions, to execute
3 documents and make certain commitments on behalf of the County in connection with the
4 issuance, sale and delivery of such special obligation bonds; authorizing the execution and
5 delivery of such special obligation bonds and such other documents as may be necessary and
6 desirable to effectuate the financing of the infrastructure improvements and the issuance, sale
7 and delivery of such special obligation bonds; generally providing for, and determining various
8 matters in connection with, the issuance, sale, delivery and payment of such special obligation
9 bonds; and generally providing for, and determining various matters in connection with
10 maintenance and marketing of National Harbor; and

11 WHEREAS, in order to assist in facilitating the financing for the infrastructure
12 improvements described in Exhibit A attached hereto and made a part hereof, the County will
13 issue its special obligation bonds to fund such improvements; and

14 WHEREAS, the owners of the real property (the "Owners") in the National Harbor Special
15 Taxing District, described below, are developing retail, commercial, office and residential
16 facilities known as National Harbor ("National Harbor") which shall be served by the
17 infrastructure improvements; and

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

21 WHEREAS, the development of National Harbor and the issuance of the Bonds, as
22 hereinafter defined, satisfy the applicable criteria of CR-89-2006 of the County Council of Prince
23 George's County; and

24 WHEREAS, the Formation Resolution has heretofore designated a contiguous area within
25 the County to be known as the "National Harbor Special Taxing District" as a "special taxing
26 district" as that term is used in the Special Taxing District Act (the "District"); and

27 WHEREAS, the Formation Resolution provided for the creation of a special fund with
28 respect to the District, the levy of a special tax (the "Special Tax") to be paid over to the special
29 fund and that special obligation bonds could be issued pursuant to an ordinance to finance
30 infrastructure improvements related to the District; and

31 WHEREAS, the Owners and their respective successors and assigns request that the County

1 Council undertake proceedings under the Special Taxing District Act (i) to levy additional
2 special taxes in the form of a special hotel rental tax on hotels, as described in Section 9-
3 1301(c)(5) of Article 24 of the Annotated Code of Maryland, as amended (2005 Replacement
4 Volume and 2006 Supplement), located in the District (the “Special Hotel Rental Tax”) to be
5 paid over to a special fund, (ii) to issue special obligation bonds or special obligation refunding
6 bonds pursuant to the Special Taxing District Act, secured by a levy of the Special Hotel Rental
7 Tax in order to finance or refinance all, or a portion, of the costs of infrastructure facilities and
8 improvements to be located in the District or outside the District if reasonably related to
9 infrastructure improvements in the District, as more particularly described in Exhibit A attached
10 hereto and (iii) to provide for the payment and reimbursement of costs related to the maintenance
11 and marketing of National Harbor; and

12 WHEREAS, the proposed infrastructure improvements will be situated both within the
13 District and outside of the District and all such proposed infrastructure improvements shall be
14 reasonably related to one another as required by the Special Taxing District Act; and

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

17 WHEREAS, to the extent that the taxes representing the levy of the Special Hotel Rental
18 Tax in any given fiscal year of the County exceeds the debt service payable on the special
19 obligation bonds in any such fiscal year, as well as any other payments required to be satisfied by
20 the Special Hotel Rental Tax; such excess will be available for the payment and reimbursement
21 of costs related to the maintenance and marketing of National Harbor; and

22 WHEREAS, if the debt service payable on the special obligation bonds in any fiscal year
23 exceed the taxes representing the Special Hotel Rental Tax, such debt service payments shall be
24 deferred and paid from future available amounts of the Special Hotel Rental Tax; and

25 WHEREAS, the special obligation bonds will initially be delivered to National Harbor
26 Development L.L.C. (the “Developer”) to pay or reimburse the Developer for costs permitted by
27 the Special Taxing District Act that are being incurred by the Developer in connection with its
28 construction of the infrastructure improvements. The special obligation bonds are to be
29 delivered and the improvements will be provided in accordance with the terms and the
30 requirements set forth in a Development Agreement (the “Development Agreement”), between
31 the County and the Developer; and

1 WHEREAS, the infrastructure improvements to be financed with the proceeds of the
2 special obligation bonds will be maintained by the Developer and by owners of the real property
3 located within the District; now, therefore,

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

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

10 B. Acting pursuant to this Act, the Special Taxing District Act and the Formation Resolution,
11 it is hereby found and determined that the issuance of the Bonds for delivery to the Developer for
12 the financing of the infrastructure improvements related to the development of the District,
13 accomplish the public purposes of this Act, the Special Taxing District Act and the Formation
14 Resolution and pursuant to the Formation Resolution and this Act, the County has complied with
15 Section 10-269 of the Prince George's County Code and Section 9-1301(f) of Article 24 of the
16 Annotated Code of Maryland.

17 C. The types of infrastructure improvements to be financed as permitted by the Special Taxing
18 District Act in connection with the District are set forth in Exhibit A attached hereto and made a
19 part hereof including costs related to such improvements which are intended to be funded with
20 the issuance of the Bonds. The infrastructure improvements are either contained within the
21 geographic boundaries of the District or outside the District and to the extent located outside the
22 District are reasonably related to other infrastructure improvements located within the District.

23 D. Before the Bonds are issued, the Financial Officer of the County shall record among the
24 Land Records of the County at the cost of the District a declaration to the effect that all hotels
25 located in the District are subject to the Special Hotel Rental Tax.

26 E. Pursuant to the Special Taxing District Act the County hereby establishes a special fund to
27 be designated the "National Harbor Special Hotel Rental Tax Fund" (the "Special Fund") with
28 respect to the District and the County Executive, Chief Administrative Officer and the Financial
29 Officer of the County are hereby directed and authorized to deposit in such Special Fund all the
30 taxes representing the Special Hotel Rental Tax received by the County. The County Executive,
31 the Chief Administrative Officer and the Financial Officer and other officers and employees of

1 the County, to the extent applicable, are hereby authorized to take all necessary steps in order to
2 establish a separate fund to be held by the County. The monies in the Special Fund are pledged
3 to the payment of the Bonds and to the extent that the monies in the Special Fund exceed the
4 amount needed to pay debt service on the Bonds, to replenish any debt service fund securing the
5 Bonds, to pay administration costs of the County related to the Bonds, and to provide for the
6 payment and reimbursement of costs related to the maintenance and marketing of National
7 Harbor, including any reserves established therefor.

8 To the extent the debt service payable on the special obligation bonds in any fiscal year
9 exceed the taxes representing the Special Hotel Rental Tax, such debt service payments shall be
10 deferred and paid from future available amounts of the Special Hotel Rental Tax.

11 The declaration and pledge of the Special Hotel Rental Tax shall remain in place until the
12 later of the date the Bonds are paid in full or defeased, or one year subsequent to the date that the
13 County and Developer determine that it is no longer necessary to provide for the payment or
14 reimbursement of costs for the maintenance and marketing of National Harbor.

15 F. Pursuant to the Special Taxing District Act and this Act, the County hereby levies and
16 imposes the Special Hotel Rental Tax at a rate and amount of five percent (5%) on all gross
17 amounts of money paid to the owners or operators of hotels located in the District by transient
18 guests or tenants for renting, using or occupying a room or rooms in the hotels located in the
19 District to provide for (i) the payment of the principal of and interest on the Bonds and to provide
20 for replenishment of any debt service reserve fund securing the Bonds as well as for the payment
21 of County administrative expenses, to the extent such replenishments and expenses are not
22 otherwise provided for, and (ii) to provide for the payment and reimbursement of costs related to
23 the maintenance and marketing of National Harbor, including any reserves established therefor.
24 The Special Hotel Rental Tax also may be levied with respect to refunding bonds issued under
25 the Special Taxing District Act pursuant to the provisions of an ordinance or resolution enacted
26 or adopted by the County in connection with the issuance of such refunding bonds. The Special
27 Hotel Rental Tax is levied and imposed upon all hotels within the District, for the purposes, to
28 the extent and in the manner provided in this Act through the application of the procedures
29 provided herein. Further, the Special Hotel Rental Tax levied and imposed by the Special
30 Taxing District Act and this Act in the District shall take effect and be in force from the date this
31 Act becomes law for the fiscal year beginning July 1, 2007.

1 G. The special obligation bonds may be issued in one or more series in an aggregate principal
2 amount not to exceed Thirty-Five Million Dollars (\$35,000,000) (the "Bonds"). The proceeds of
3 the Bonds will be utilized solely to finance all or part of the costs of the improvements described
4 in Exhibit A attached hereto and made a part hereof through the issuance of such Bonds for
5 delivery to the Developer as permitted pursuant to the provisions of the Special Taxing District
6 Act. The Bonds will be payable solely from the amounts levied and deposited in the Special
7 Fund created by this Act. Provisions may be made for municipal bond insurance or any other
8 type of financial guaranty of the Bonds, if applicable. In addition, the Bonds may be secured
9 through the establishment of additional sinking funds or the pledge of other assets and revenues
10 toward the payment of the principal and interest on the Bonds, if applicable. The Bonds issued
11 hereunder are a special obligation of the County and do not constitute a general obligation debt
12 of the County or a pledge of the County's full faith and credit or taxing power except for the
13 Special Hotel Rental Tax. In addition, Bonds issued hereunder may be refunded by bonds issued
14 under the Special Taxing District Act.

15 H. The Bonds shall be executed in the name of the County and on its behalf by the County
16 Executive, by manual or facsimile signature, the corporate seal of the County or a facsimile
17 thereof shall be impressed or otherwise reproduced thereon and attested by the Clerk of the
18 County Council or the Chief Administrative Officer by manual or facsimile signature. The
19 Development Agreement to be entered into between the County and the Developer to provide for
20 the construction by the Developer of the improvements referred to in Exhibit A and, where
21 applicable, all other documents as the County Executive deems necessary to effectuate the
22 issuance, sale and delivery of the Bonds of any series, shall be executed in the name of the
23 County and on its behalf by the County Executive by manual signature, and the corporate seal of
24 the County or a facsimile thereof shall be impressed or otherwise reproduced thereon and
25 attested by the Clerk of the County Council or the Chief Administrative Officer by manual
26 signature. If any officer whose signature or countersignature or a facsimile of whose signature or
27 countersignature appears on the Bonds of any series or on any of the aforesaid documents ceases
28 to be such officer before the delivery of the Bonds of such series or any of the other aforesaid
29 documents, such signature or countersignature or such facsimile shall nevertheless be valid and
30 sufficient for all purposes, the same as if such officer had remained in office until delivery. The
31 County Executive, the Clerk of the County Council and other officials of the County are hereby

1 authorized and empowered to do all such acts and things and execute such documents and
2 certificates as the County Executive may determine to be necessary to carry out and comply with
3 the provisions of this Act, subject to the limitations set forth in the Special Taxing District Act
4 and this Act.

5 I. The Bonds shall be delivered to the Developer upon such terms and conditions as the
6 County Executive shall approve. The County Council deems it to be in the best interest of the
7 County to authorize the County Executive to approve the terms of any issuance, sale or delivery
8 of the Bonds, within the limitations of the Special Taxing District Act and this Act.

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

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

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

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

18 (4) shall approve the form and contents of, and execute and deliver (where applicable), the
19 Development Agreement, an indenture of trust and such other contracts and documents to which
20 the County is a party and which may be necessary to effectuate the issuance, sale and delivery of
21 the Bonds and apply the Special Fund as set forth herein;

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

24 (6) shall approve the terms of the delivery of the Bonds as provided in Paragraph I hereof;

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

30 (8) shall do any and all things necessary, proper or expedient in connection with the
31 issuance, sale and delivery of the Bonds in order to accomplish the legislative policy of the

1 Special Taxing District Act and the public purposes of this Act, subject to the limitations set
2 forth in the Special Taxing District Act and any limitations prescribed by this Act.

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 Bonds being authorized herein, the
7 construction costs of the improvements for which said Bonds are authorized and issued, and any
8 costs paid or reimbursed from the Special Hotel Rental Tax are not deemed to be construction,
9 monetary contributions or procurement for purposes of Subtitle 10A of the Prince George's
10 County Code. Any improvements and costs funded in whole or part by said Bonds or paid or
11 reimbursed from the Special Hotel Rental Tax are specifically exempted from the provisions of
12 Subtitle 10A.

13 SECTION 3. BE IT FURTHER ENACTED, that the provisions of this Act are severable,
14 and if any provision, sentence, clause, section or part hereof is held or determined to be illegal,
15 invalid or unconstitutional or inapplicable to any person or circumstances, such illegality,
16 invalidity or unconstitutionality or inapplicability shall not affect or impair any of the remaining
17 provisions, sentences, clauses, sections or parts of this Act or their application to other persons or
18 circumstances. It is hereby declared to be the legislative intent that this Act would have been
19 passed if such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause,
20 section or part had not been included herein, and as if the person or circumstances to which this
21 Act or any part hereof are inapplicable had been specifically exempted herefrom.

22 SECTION 4. BE IT FURTHER ENACTED, that this Act shall take effect 45 days from the
23 date it becomes law.

Adopted this ____ day of _____, 2007.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Camille A. Exum
Chair

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____

BY: _____
Jack B. Johnson
County Executive

EXHIBIT A

DESCRIPTION OF THE PUBLIC FACILITIES AND IMPROVEMNETS

The public facilities and improvements, include but are not limited to, streets and sidewalks, including promenades, a plaza, and entrance features; utility installation; transit facilities, including piers, ferries and ground transit vehicles; parks and recreational facilities, including public art; lighting; parking facilities; and other necessary improvements for the development and utilization of the National Harbor, including but not limited to related security, landscaping and tree plantings.