

# COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

## 2000 Legislative Session

Resolution No. CR-2-2000

Proposed by The Chairman (by request – County Executive)

Introduced by Council Members Bailey and Wilson

Co-Sponsors \_\_\_\_\_

Date of Introduction January 18, 2000

### RESOLUTION

1 A RESOLUTION concerning

2 Revenue Authority

3 For the purpose of amending the Revenue Authority's Capital Improvement Program to include  
4 the Prince George's County Courthouse Marbury Wing Addition Project, and providing a  
5 corresponding increase of the Revenue Authority's bond issuance limitation from \$1,500,000 to  
6 \$22,100,000.

7 WHEREAS, the establishment of the Revenue Authority of Prince George's County  
8 ("Revenue Authority") was authorized by CB-84-1997 pursuant to Chapter 491 of the Laws of  
9 Maryland, 1996; and

10 WHEREAS, the Charter for the Revenue Authority was approved by the County Council  
11 by CR-61-1998 and duly filed with the State of Maryland; and

12 WHEREAS, the County wishes to commence the Prince George's County Courthouse  
13 Project that will involve an estimated \$14,900,000 renovation and remodeling of the Duvall  
14 Wing of the Courthouse, and the estimated \$19,800,000 construction of an approximate 70,000  
15 gross square foot addition of the Marbury Wing of the Courthouse. The contemplated funding  
16 consists of (1) the issuance of approximately \$12,700,000 of County General Obligation Bonds;  
17 (2) a State contribution of approximately \$2,200,000; and (3) the sale of Revenue Authority  
18 bonds in an estimated principal amount of \$22,100,000 (composed of \$19,800,000 for design  
19 and construction, \$1,860,000 for capitalized interest on the bonds during construction, and  
20 \$440,000 for the cost of issuing the bonds). The County anticipates that it will lease the land on  
21 which the addition is to be constructed to the Revenue Authority, and that the Revenue Authority  
22 will delegate to the County the authority to appoint a construction manager for the purpose of

1 overseeing the construction of the project. The Revenue Authority will be asked to sublease the  
2 land and the constructed addition back to the County, to be paid for with funds made available by  
3 the State, for use by the Circuit Court and related agencies; and

4 WHEREAS, pursuant to the provisions of its Charter, the Revenue Authority has the power  
5 to do the things necessitated by the Revenue Authority's participation in this Project as such  
6 powers are specified under Chapter 491 of the Laws of Maryland and Subtitle 21A of the County  
7 Code, including the power to acquire, lease and construct property and issue bonds; and

8 WHEREAS, at a special meeting of the Revenue Authority held on November 30, 1999, the  
9 Revenue Authority:

10 (1) approved a motion authorizing the Executive Director to submit to the County  
11 Executive (for submission to the County Council) a proposal that the Revenue Authority's  
12 Capital Improvement Program be amended to include the Prince George's County Courthouse  
13 Marbury Wing Addition Project and to increase the Revenue Authority's bond issuance  
14 limitation from \$1,500,000 to \$22,100,000, all as set forth in the Amendment (attached hereto as  
15 Exhibit A and incorporated by reference) to the Revenue Authority's FY 2000-2005 Approved  
16 Capital Improvement Program (as adopted by CB-19-1999); and

17 (2) adopted Revenue Authority Resolution No. 1999-5 (a copy of which is attached hereto  
18 as Exhibit B and incorporated by reference) which authorizes its Executive Director to enter into  
19 a written Memorandum of Understanding based on the foregoing terms and conditions of the  
20 Project; now, therefore,

21 BE IT RESOLVED by the County Council of Prince George's County, Maryland, that the  
22 Revenue Authority's Capital Improvement Program is hereby amended to include the Prince  
23 George's County Courthouse Marbury Wing Addition Project and to increase the Revenue  
24 Authority's bond issuance limitation from \$1,500,000 to \$22,100,000.

Adopted this 15th day of February, 2000.

COUNTY COUNCIL OF PRINCE  
GEORGE'S COUNTY, MARYLAND

BY: \_\_\_\_\_  
Dorothy F. Bailey  
Chair

ATTEST:

\_\_\_\_\_  
Joyce T. Sweeney  
Clerk of the Council

(Attachments A & B are available in hard copy only)

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## **MEMORANDUM OF UNDERSTANDING (PRINCE GEORGE'S COUNTY COURTHOUSE RENOVATION AND EXPANSION)**

THIS MEMORANDUM OF UNDERSTANDING ("Memorandum of Understanding") is dated as of \_\_\_\_\_ and is effective from the time of its execution and delivery, by and between PRINCE GEORGE'S COUNTY, MARYLAND, a body corporate and politic and a political subdivision of the State (the "County"), the STATE OF MARYLAND (the "State"), and the REVENUE AUTHORITY OF PRINCE GEORGE'S COUNTY, a body corporate and politic (the "Revenue Authority").

### **RECITALS**

- A. On June 28, 1989, the Industrial Development Authority of Prince George's County, Maryland (the "IDA") issued its \$55,825,825 Lease Revenue Bonds (Upper Marlboro Justice Center Project), Series 1989, the proceeds of which have been applied by the IDA to pay the costs of the acquisition and construction of a new courthouse and multi-service center in Upper Marlboro, Prince George's County, Maryland (the "Courthouse") and certain additional costs and expenses.
- B. By Ground Lease dated June 1, 1989, the County leased to the IDA the land on which the Courthouse is located (the "Land") for a lease term, rental and other terms and conditions as fully set forth therein.
- C. By Deed of Trust dated June 1, 1989, recorded among the County Land Records from the IDA to the Indenture trustees--The First National Bank of Maryland--for the benefit of the bondholders, the IDA mortgaged its interest in the Land and the Courthouse to secure payment to The First National Bank of Maryland on behalf of the bondholders.
- D. By Lease Agreement dated June 1, 1989, the County subleased the Land from the IDA and leased the Courthouse from the IDA for a lease term, rental and other terms and conditions as fully set forth therein.
- E. By Sublease Agreement dated November 1, 1991, the County subleased a portion of the Courthouse (the "Bourne Wing") to the State. That portion of the old Courthouse that the Circuit Court and related agencies occupies is known as the "Duvall Wing." That portion of the new Courthouse that the Circuit Court and related agencies occupies is known as the "Marbury Wing."
- F. The County desires to (1) perform necessary renovation and rehabilitation of the Duvall Wing (to include fire, health, safety, HVAC and ADA reconstruction and remodeling) (the "Duvall Wing Renovation"); and (2) construct an approximate seventy thousand (70,000) square foot addition to the Marbury Wing (to include new

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courtrooms and administrative space for various agencies) (the “Marbury Wing Addition”). The Duvall Wing Renovation and the Marbury Wing Addition shall be collectively referred to as the “Project.”

G. The County estimates that the cost of the Project will be \$37,000,000 comprised of:

\$12,700,000	improvement of building systems for Duvall Wing Renovation
\$ 2,200,000	architectural/finishing improvements for Duvall Wing Renovation
<u>\$19,800,000</u>	design and construction of Marbury Wing Addition
\$34,700,000	subtotal design & construction
<u>\$ 2,300,000</u>	capitalized interest and issuance cost
\$37,000,000	grand total

Project funding shall be provided collectively by the County, the State, and through the sale of Revenue Authority bonds and County General Obligation Bonds. The State is willing to contribute to the funding of the Project because it will promote the continued efficient and effective delivery of State programs and services to residents of the County and the State through State agencies which are currently housed in the Courthouse.

NOW, THEREFORE, based on the foregoing, the parties agree as follows:

1. Recitals. The above Recitals are expressly incorporated herein.
2. Duvall Wing Renovation.
  - (a) Scope.

(i) The improvement of building systems for the Duvall Wing Renovation will include the removal of all hazardous material throughout the building; the complete replacement of the electrical, heating, ventilation and air conditioning systems; the upgrade of the plumbing lines, fixtures and venting systems; the installation of a fire protection/suppression system; the replacement of elevators; upgrade of HVAC controls; removal and replacement of windows and doors; infilling the west light well for location of a secured elevator and additional work space; and reconstruction of the fourth floor.

(ii) The architectural finishing for the Duvall Wing Renovation will include removal and replacement of specialties and casework (millwork and detailed wood work), painting and new wall covering, carpet and floor covering throughout the facility as well as the related architectural fees.

(b) Funding. Of the Fourteen Million Nine Hundred Thousand Dollars (\$14,900,000) allocated to the Duvall Wing Renovation, the County will fund Twelve Million Seven Hundred Thousand Dollars (\$12,700,000) through the sale of County General Obligation Bonds (“County Bonds”), and the State will fund Two Million Two Hundred Thousand Dollars (\$2,200,000). The State may either fund its contribution in advance, or repay the County for the debt service on

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\$2,200,000 of additional County Bonds in semi-annual payments throughout the twenty-year life of the County Bonds. If the State prefers to repay the \$2,200,000 instead of advancing it, the State's \$2,200,000 repayment obligation to the County shall be evidenced by a Note and Repayment Agreement, the terms of which shall be negotiated by the County and State. The average semi-annual payment is estimated to be One Hundred Thousand Dollars (\$100,000).

### 3. Marbury Wing Addition.

(a) Scope. The Marbury Wing Addition will consist of the construction of an approximate seventy thousand (70,000) gross square foot addition at the west side of the existing Marbury Wing. The addition, with approximately forty-two thousand (42,000) square feet of usable space, will house nine (9) new courtrooms, each with a prisoner holding facility and jury room, an expanded central holding area; administrative space for Land Records, Mental Hygiene, Domestic Hearings, Case Management, and the State's Attorney's Office.

(b) Funding. The cost of design and construction of the Marbury Wing Addition shall be funded through the sale of Revenue Authority bonds in an estimated principal amount of Twenty-Two Million One Hundred Thousand Dollars (\$22,100,000) (the "Bonds") which is composed of \$19,800,000 for design and construction cost, \$1,860,000 for capitalized interest on Bonds during construction, and \$440,000 for the cost of issuing the Bonds. The State shall reimburse the County for the cost of the design and construction of the Marbury Wing Addition, capitalized interest on Bonds during construction, and cost of issuing the Bonds, in semi-annual payments throughout the fifteen-year life of the Bonds. The State's obligation shall be evidenced by a Note and Repayment Agreement, the terms of which shall be negotiated by the County and the State. The County shall apply the State's payments to the debt service on the Bonds. The average semi-annual payment is estimated to be One Million One Hundred Fifty Thousand Dollars (\$1,150,000).

### 4. Project Design and Construction.

(a) Project Architect. The County has secured the services of Hellmuth, Obata & Kassabaum, PC of Washington, D.C. ("HOK") for preparation of the design of the Project. HOK has completed approximately ninety percent (90%) of the design preparation services. A copy of the schematic drawings for the Project are attached as Exhibit A to this Memorandum of Understanding which are expressly incorporated herein by reference.

(b) Project Construction. The County will lease to the Revenue Authority the land on which the Marbury Wing Addition is to be constructed (the "Addition Land") to be evidenced by a ground lease (the "Ground Lease"). The Revenue Authority will delegate to the County the authority to appoint a construction manager for the purpose of overseeing the construction of the Project. The Revenue Authority will enter into a Lease Agreement with the County by which the County will sublease the Addition Land and lease the Marbury Wing Addition (the "Lease Agreement"). Promptly after the execution of the Ground Lease, the Lease Agreement, the \$2,200,000 Note and Repayment Agreement, and the \$22,100,000 Note and Repayment

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Agreement (collectively, the “Documents”); the sale of the Bonds, and the award of the construction contract, the County shall promptly proceed with the Project.

(c) Project Operation, Maintenance and Repair Services. The County will be responsible for providing all operating, maintenance and repair services and all building management of the Marbury Wing Addition.

5. Revenue Authority. The Revenue Authority was authorized by CB-84-1997 pursuant to Chapter 491 of the Laws of Maryland, 1996 and the Charter for the Revenue Authority was approved by the County Council by CR-61-1998 and duly filed with the State of Maryland. Pursuant to the Charter, the purpose of the Authority is to exercise its powers for projects within the boundary lines of the County devoted wholly or partially for public uses, and the Revenue Authority’s powers include the issuance of bonds and the construction and leasing of property. The Revenue Authority will issue the appropriate Resolution and seek the requisite County Executive and County Council approvals to issue the Bonds, construct the Marbury Wing Addition, and enter into the Lease Agreement and any other documents necessary to effectuate the contemplated transaction.

6. Entire Agreement. This Memorandum of Understanding contains the entire understanding between the parties, shall be binding on the parties hereto and their successors and assigns, and shall be superseded by the Documents. The approval of this Memorandum of Understanding by the parties shall not constitute approval of the Documents.

[SIGNATURES IMMEDIATELY FOLLOW ON THE NEXT PAGE]

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IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the parties the day and year first written above.

**WITNESS:**

**PRINCE GEORGE'S COUNTY, MARYLAND**

\_\_\_\_\_

BY: \_\_\_\_\_

Howard W. Stone, Jr.  
Chief Administrative Officer

**ATTEST:**

**REVENUE AUTHORITY OF  
PRINCE GEORGE'S COUNTY**

BY: \_\_\_\_\_

Name:

Title:

BY: \_\_\_\_\_

P. Michael Errico  
Executive Director

**STATE OF MARYLAND**

**ATTEST:**

**THE STATE OF MARYLAND  
BOARD OF PUBLIC WORKS**

BY: \_\_\_\_\_

Name:

Title:

BY: \_\_\_\_\_

Parris N. Glendening  
Governor

BY: \_\_\_\_\_

William Donald Schaefer  
Comptroller

BY: \_\_\_\_\_

Richard N. Dixon  
Treasurer



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Execution of the above Memorandum of Understanding was authorized and approved by the Maryland State Board of Public Works at a meeting held on\_\_\_\_\_,19\_\_ as Item \_\_\_\_\_

\_\_\_\_\_  
Assistant Secretary  
Office of Real Estate  
Department of General Services

Approved as to form and legal sufficiency, this day of  
\_\_\_\_\_, 19\_\_

By: \_\_\_\_\_  
Staff Attorney