

HOUSE BILL 96

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C8

1998 Regular Session
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(PRE-FILED)

By: **Delegates Rawlings, W. Baker, Baldwin, Cadden, Conway, Doory,
Edwards, Hecht, Holt, Klima, McClenahan, McIntosh, Owings,
Pendergrass, Pitkin, Rosenberg, Stocksdales, Miller, B. Hughes, C.
Mitchell, and Eckardt**

Requested: August 19, 1997

Introduced and read first time: January 14, 1998

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore Convention Center - Annual Operating Deficits**

3 FOR the purpose of providing that the Maryland Stadium Authority is not obligated
4 to make a certain financial contribution to annual operating deficits of the
5 Baltimore Convention Center if, at a certain site known as Inner Harbor East,
6 the Baltimore City Council approves the construction of a hotel with more than
7 a certain number of rooms or, within a certain period of time after construction
8 of a hotel at the site, approves a certain expansion of the hotel; specifying an
9 exception under certain circumstances; and generally relating to the annual
10 operating deficits of the Baltimore Convention Center.

11 BY repealing and reenacting, with amendments,
12 Article - Financial Institutions
13 Section 13-712.1(5)
14 Annotated Code of Maryland
15 (1992 Replacement Volume and 1997 Supplement)

16 BY adding to
17 Article - Financial Institutions
18 Section 13-712.2
19 Annotated Code of Maryland
20 (1992 Replacement Volume and 1997 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Financial Institutions

2 13-712.1.

3 The Authority may not close on the sale of bonds which constitute tax supported
4 debt of the State, and may not otherwise borrow money in amounts exceeding \$35,000
5 per year, to finance any segment of a facility unless the Authority:

6 (5) With respect to site acquisition and construction of a Baltimore
7 Convention Center facility, has secured, as approved by the Board of Public Works:

8 (i) A lease or other written agreement with Baltimore City
9 pursuant to which:

10 1. Baltimore City agrees to pay \$50,000,000 for the capital
11 costs of the expansion of the Baltimore Convention Center not later than the date of
12 the Authority's bond issuance as authorized under § 13-712(a)(1) of this subtitle; and

13 2. Baltimore City and the Authority will each own a 50%
14 leasehold interest as tenants in common in the improvements comprising the existing
15 Baltimore Convention Center and the Baltimore Convention Center expansion for the
16 duration of any bonds issued as authorized under § 13-712(a)(1) of this subtitle, with
17 neither Baltimore City nor the Authority entitled to sell, assign, mortgage, pledge, or
18 encumber the Baltimore Convention Center facility (or any leasehold interest therein)
19 without the prior consent of the other, except for liens in favor of Baltimore City's and
20 the Authority's respective bondholders;

21 (ii) A deed, lease, or written agreement with Baltimore City
22 permitting the Authority to design and construct, or contract for the design and
23 construction of, the Baltimore Convention Center facility, and to pledge the Baltimore
24 Convention Center facility and the Baltimore Convention Center site or the leasehold
25 interest therein, as security for the Authority's bonds; and

26 (iii) A written agreement with Baltimore City:

27 1. Whereby Baltimore City agrees to operate the Baltimore
28 Convention Center facility in a manner which maximizes the Baltimore Convention
29 Center's economic return and to maintain and repair the Baltimore Convention
30 Center facility so as to keep the Baltimore Convention Center facility in first class
31 operating condition; and

32 2. That includes provisions that:

33 A. Protect the Authority's, the State's and the City's
34 respective investment in the Baltimore Convention Center facility;

35 B. Require the Authority and Baltimore City to each
36 contribute to operating deficits and a capital improvement reserve fund, for the
37 period beginning upon the completion of the expanded and renovated Baltimore
38 Convention Center facility and ending on June 30, 2008, as follows:

1 I. [The] SUBJECT TO § 13-712.2 OF THIS SUBTITLE, THE
2 Authority shall contribute two-thirds and Baltimore City shall contribute one-third
3 to annual operating deficits;

4 II. The Authority and Baltimore City shall each annually
5 contribute \$200,000 to the Capital Improvement Reserve Fund; and

6 III. Baltimore City shall be solely responsible for all operating
7 deficits and capital improvements:

8 1. Prior to the completion of the expanded and renovated
9 Baltimore Convention Center facility; and

10 2. After June 30, 2008; and

11 C. Provide for remedies upon default which include the right
12 of the Authority or the State, in the event of a material default by Baltimore City
13 which has not been corrected after a reasonable notice and cure period, to
14 immediately assume responsibility for maintenance and repairs of the Baltimore
15 Convention Center facility and offset the costs of such maintenance and repairs
16 against other amounts owed by the Authority or the State to Baltimore City, whether
17 under the operating agreement with Baltimore City or otherwise;

18 13-712.2.

19 (A) IN THIS SECTION, "INNER HARBOR EAST SITE" MEANS THE AREA OF
20 BALTIMORE CITY BOUNDED BY FLEET STREET ON THE NORTH, ALICEANNA STREET
21 ON THE SOUTH, FELICIA STREET ON THE EAST, AND EAST FALLS AVENUE ON THE
22 WEST.

23 (B) THE AUTHORITY HAS NO OBLIGATION TO MAKE ANY CONTRIBUTION
24 UNDER § 13-712.1(5)(III)2BI OF THIS SUBTITLE IF THE CITY COUNCIL OF BALTIMORE
25 CITY:

26 (1) APPROVES THE CONSTRUCTION OF A HOTEL WITH MORE THAN 350
27 ROOMS AT THE INNER HARBOR EAST SITE; OR

28 (2) WITHIN THE 5-YEAR PERIOD AFTER CONSTRUCTION OF A HOTEL AT
29 THE INNER HARBOR EAST SITE, APPROVES AN EXPANSION OF THE HOTEL TO MORE
30 THAN 350 ROOMS UNLESS, BEFORE THE CITY COUNCIL APPROVES THE EXPANSION:

31 (I) THE AUTHORITY CERTIFIES THAT MARKET CONDITIONS
32 JUSTIFY THE EXPANSION; AND

33 (II) THE CITY COUNCIL CONDUCTS THE APPROPRIATE PUBLIC
34 HEARINGS CONCERNING THE EXPANSION.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 July 1, 1998.