

SENATE BILL 831

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2002 Regular Session  
2lr2763  
CF 2lr2762

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By: **Senator Hoffman**

Introduced and read first time: February 15, 2002

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Stadium Authority - Hippodrome Performing Arts Center**

3 FOR the purpose of increasing the amount of the authorized bond issuance by the  
4 Maryland Stadium Authority for acquisition, construction, and related expenses  
5 of the Hippodrome Performing Arts Center facility; increasing the amount of  
6 commitment that the Authority must secure to fund acquisition and capital  
7 costs of construction; increasing the amount of bond proceeds that the Authority  
8 must use for certain purposes; increasing the amount of funds that one or more  
9 private entities must deposit to the Hippodrome Performing Arts Center  
10 Financing Fund by a certain date; requiring one or more private entities to  
11 agree to pay certain costs under certain circumstances; allowing for the  
12 distribution of certain funds upon completion of the project; and generally  
13 relating to the authorized bond issuance by the Maryland Stadium Authority  
14 related to the Hippodrome Performing Arts Center.

15 BY repealing and reenacting, with amendments,  
16 Article - Financial Institutions  
17 Section 13-712(a)(1) and 13-712.1  
18 Annotated Code of Maryland  
19 (1998 Replacement Volume and 2001 Supplement)

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

22 **Article - Financial Institutions**

23 13-712.

24 (a) (1) (i) Subject to the prior approval of the Board of Public Works and  
25 the provisions of subparagraphs (ii), (iii), (iv), (v), and (vi) of this paragraph, the  
26 Authority may at any time and from time to time issue bonds for any corporate  
27 purpose, including the establishment of reserves and the payment of interest. In this  
28 subtitle the term "bonds" includes notes of any kind, interim certificates, refunding  
29 bonds, or any other evidence of obligation and "tax supported debt" of the State has

1 the meaning assigned to such term in § 8-104 of the State Finance and Procurement  
2 Article.

3 (ii) 1. Unless authorized by the General Assembly, the Board of  
4 Public Works may not give approval to an issuance of bonds for sports facilities at  
5 Camden Yards which constitute tax supported debt of the State, if after issuance  
6 there would be outstanding and unpaid \$235 million face amount of bonds which  
7 constitute tax supported debt of the State, whether taxable or tax exempt, for the  
8 purposes of financing site acquisition and preparation, relocation, demolition and  
9 removal, construction and related expenses for construction management,  
10 professional fees, and contingencies of baseball and football stadiums or a multiuse  
11 stadium.

12 2. To exceed the following limits set forth below, the  
13 Authority shall obtain the authorization of the Board of Public Works and notify the  
14 Legislative Policy Committee with accompanying justification:

15 A. \$85 million in bonds which constitutes tax supported debt  
16 of the State for the purposes of site acquisition and preparation, relocation,  
17 demolition and removal at, and construction and related expenses for construction  
18 management, professional fees, and contingencies for Camden Yards;

19 B. \$70 million in bonds which constitutes tax supported debt  
20 of the State for the purposes of site work, construction and related expenses for  
21 construction management, professional fees, and contingencies of a baseball stadium;

22 C. \$80 million in bonds which constitutes tax supported debt  
23 of the State for the purposes of site work, construction and related expenses for  
24 construction management, professional fees, and contingencies of a football stadium;  
25 and

26 D. \$195 million in bonds which constitutes tax supported  
27 debt of the State for the purposes of the site acquisition and preparation, relocation,  
28 demolition and removal, construction and related expenses for construction  
29 management, professional fees, and contingencies of a multiuse stadium.

30 (iii) Unless authorized by the General Assembly, the Board of Public  
31 Works may not give approval to an issuance by the Authority of bonds which  
32 constitute tax supported debt of the State for Baltimore Convention Center facilities  
33 if, after issuance, there would be outstanding and unpaid more than \$55 million face  
34 amount of such bonds, whether taxable or tax exempt, for the purpose of financing  
35 acquisition, construction, renovation, and related expenses for construction  
36 management, professional fees, and contingencies of Baltimore Convention Center  
37 facilities.

38 (iv) Unless authorized by the General Assembly, the Board of Public  
39 Works may not give approval to an issuance by the Authority of bonds that constitute  
40 tax supported debt of the State for Ocean City Convention Center facilities if, after  
41 issuance, there would be outstanding and unpaid more than \$17,340,000 face amount  
42 of such bonds, whether taxable or tax exempt, for the purpose of financing

1 acquisition, construction, renovation, and related expenses for construction  
2 management, professional fees, and contingencies of Ocean City Convention Center  
3 facilities.

4 (v) Unless authorized by the General Assembly, the Board of Public  
5 Works may not give approval to an issuance by the Authority of bonds that constitute  
6 tax supported debt of the State for the Montgomery County Conference Center facility  
7 if, after issuance, there would be outstanding and unpaid more than \$23,185,000 face  
8 amount of such bonds, whether taxable or tax exempt, for the purpose of financing  
9 acquisition, construction, and related expenses for construction management,  
10 professional fees, and contingencies of the Montgomery County Conference Center.

11 (vi) Unless authorized by the General Assembly, the Board of Public  
12 Works may not give approval to an issuance by the Authority of bonds that constitute  
13 tax supported debt of the State for the Hippodrome Performing Arts Center facility if,  
14 after issuance, there would be outstanding and unpaid more than [\$12,000,000]  
15 \$14,000,000 face amount of such bonds, whether taxable or tax exempt, for the purpose  
16 of financing acquisition, construction, and related expenses for construction  
17 management, professional fees, and contingencies of the Hippodrome Performing Arts  
18 Center facility.

19 13-712.1.

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

23 (1) Has certified to the Legislative Policy Committee and the Board of  
24 Public Works that the Authority has endeavored to maximize private investment in  
25 the sports facility or in the Hippodrome Performing Arts Center facility proposed to be  
26 financed and, with respect to a baseball or football stadium, to maximize the State's  
27 ability to assure that the professional baseball and football franchises will remain  
28 permanently in Maryland. This certification shall be supported by a detailed report  
29 outlining these efforts;

30 (2) Has provided to the fiscal committees of the General Assembly, at  
31 least 30 days prior to seeking approval of the Board of Public Works for each bond  
32 issue or other borrowing, a comprehensive financing plan for the relevant segment of  
33 the facility and the effect of this financing plan on financing options for other  
34 segments of the facility, including anticipated revenues from private investment  
35 where applicable;

36 (3) Has obtained the approval of the Board of Public Works of the  
37 proposed bond issue and the plan for financing;

38 (4) Has secured, as approved by the Board of Public Works, either:

39 (i) With respect to site acquisition and the construction of a  
40 baseball stadium, a long-term lease for a major league professional baseball team; or

1 (ii) Subject to § 13-715.3 of this subtitle, with respect to site  
2 acquisition and the construction of a football stadium, a franchise for a National  
3 Football League team and a long-term lease which shall include a provision requiring  
4 the football team that leases the stadium to agree to reimburse the Authority for \$24  
5 million in stadium construction costs including the construction, fitting out, and  
6 furnishing of the private suites that are part of the football stadium, on the terms and  
7 conditions determined by the Authority;

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

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

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

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

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

28 (iii) A written agreement with Baltimore City:

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

34 2. That includes provisions that:

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

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

- 1 I. The Authority shall contribute two-thirds and Baltimore  
2 City shall contribute one-third to annual operating deficits;
- 3 II. The Authority and Baltimore City shall each annually  
4 contribute \$200,000 to the Capital Improvement Reserve Fund; and
- 5 III. Baltimore City shall be solely responsible for all operating  
6 deficits and capital improvements:
- 7 1. Prior to the completion of the expanded and renovated  
8 Baltimore Convention Center facility; and
- 9 2. After June 30, 2008; and
- 10 C. Provide for remedies upon default which include the right  
11 of the Authority or the State, in the event of a material default by Baltimore City  
12 which has not been corrected after a reasonable notice and cure period, to  
13 immediately assume responsibility for maintenance and repairs of the Baltimore  
14 Convention Center facility and offset the costs of such maintenance and repairs  
15 against other amounts owed by the Authority or the State to Baltimore City, whether  
16 under the operating agreement with Baltimore City or otherwise;
- 17 (6) With respect to site acquisition and construction of an Ocean City  
18 Convention Center facility, has secured, as approved by the Board of Public Works:
- 19 (i) A lease or other written agreement with Ocean City pursuant to  
20 which:
- 21 1. Ocean City agrees to issue bonds not later than the date of  
22 the Authority's bond issuance as authorized under § 13-712(a)(1) of this subtitle and  
23 to contribute \$14,700,000 of the proceeds from the sale of the bonds for the capital  
24 costs of the expansion of the Ocean City Convention Center;
- 25 2. The Authority agrees to issue bonds as authorized under §  
26 13-712(a)(1) of this subtitle and to contribute \$14,700,000 of the proceeds from the  
27 sale of the bonds for the capital costs of the expansion of the Ocean City Convention  
28 Center;
- 29 3. Ocean City and the Authority agree that if the actual  
30 capital costs of the expansion of the Ocean City Convention Center are less than  
31 \$29,400,000, the savings will be allocated:
- 32 A. One-half to the Authority; and
- 33 B. One-half to Ocean City;
- 34 4. Ocean City agrees to provide the Ocean City Convention  
35 Center site, as defined in § 13-701(l) of this subtitle, for the expansion and renovation  
36 of the Ocean City Convention Center; and

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

9                       (ii)       A deed, lease, or written agreement with Ocean City permitting  
10 the Authority to design, construct, and equip, or contract for the design, construction,  
11 and equipping of the Ocean City Convention Center facility expansion, and to pledge  
12 the Ocean City Convention Center facility and the Ocean City Convention Center site  
13 or the leasehold interest therein, as security for the Authority's bonds; and

14                      (iii)       A written agreement with Ocean City:

15                               1.       Whereby Ocean City agrees to market, promote, and  
16 operate the Ocean City Convention Center facility in a manner which maximizes the  
17 Ocean City Convention Center's economic return (which shall not be construed to  
18 require gambling activities in the Ocean City Convention Center), and to maintain  
19 and repair the Ocean City Convention Center facility so as to keep the Ocean City  
20 Convention Center facility in first class operating condition; and

21                               2.       That includes provisions that:

22                                    A.       Protect the Authority's and Ocean City's respective  
23 investment in the Ocean City Convention Center facility;

24                                    B.       Require the Authority and Ocean City to each contribute  
25 to operating deficits and a capital improvement reserve fund, for the period beginning  
26 upon the completion of the expanded and renovated Ocean City Convention Center  
27 facility and continuing during the period that the Authority's Ocean City Convention  
28 Center facility bonds are outstanding, as follows:

29                                      I.       The Authority shall contribute one-half and Ocean City  
30 shall contribute one-half to annual operating deficits;

31                                      II.       The Authority and Ocean City shall each annually  
32 contribute \$50,000 to an appropriate Capital Improvement Reserve Fund; and

33                                      III.       Ocean City shall be solely responsible for all operating  
34 deficits and capital improvements prior to the completion of the expanded and  
35 renovated Ocean City Convention Center facility and after the repayment of the  
36 Authority's Ocean City Convention Center facility bonds; and

37                                      C.       Provide for remedies upon default which include the right  
38 of the Authority, in the event of a material default by Ocean City which has not been  
39 corrected after a reasonable notice and cure period, to immediately assume  
40 responsibility for maintenance and repairs of the Ocean City Convention Center

1 facility and offset the costs of such maintenance and repairs against other amounts  
2 owed by the Authority to Ocean City, whether under the operating agreement with  
3 Ocean City or otherwise;

4 (7) With respect to site acquisition and construction of the Montgomery  
5 County Conference Center facility, has secured, as approved by the Board of Public  
6 Works:

7 (i) A lease or other written agreement with Montgomery County  
8 pursuant to which:

9 1. Montgomery County agrees to contribute \$13,196,000 for  
10 the capital costs of construction of the Montgomery County Conference Center not  
11 later than the date of the Authority's bond issuance as authorized under § 13-712  
12 (a)(1) of this subtitle;

13 2. The Authority agrees to issue bonds as authorized under §  
14 13-712(a)(1) of this subtitle and to contribute \$20,304,000 of the proceeds from the  
15 sale of the bonds for the capital costs of the construction of the Montgomery County  
16 Conference Center;

17 3. Montgomery County and the Authority agree that if the  
18 actual capital costs for the construction of the Montgomery County Conference Center  
19 are less than \$33,500,000, the savings will be allocated:

20 A. One-half to the Authority; and

21 B. One-half to Montgomery County;

22 4. Montgomery County and the Authority agree that if the  
23 actual capital costs for the construction of the Montgomery County Conference Center  
24 are more than \$33,500,000, the excess will be shared:

25 A. One-half by the Authority; and

26 B. One-half by Montgomery County;

27 5. Montgomery County agrees to purchase the land for the  
28 Montgomery County Conference Center site as defined in § 13-701(o) of this subtitle,  
29 on which the Montgomery County Conference Center will be constructed; and

30 6. Montgomery County and the Authority will each own a  
31 50% leasehold interest as tenants in common in the Montgomery County Conference  
32 Center facility for the duration of any bonds issued as authorized under §  
33 13-712(a)(1) of this subtitle, with neither Montgomery County nor the Authority  
34 entitled to sell, assign, mortgage, pledge, or encumber the Montgomery County  
35 Conference Center facility (or any leasehold interest therein) without the prior  
36 consent of the other, except for liens in favor of the Authority's respective bondholders;

1 (ii) A deed, lease, or written agreement with Montgomery County  
2 permitting the Authority to design, construct, and equip, or contract for the design,  
3 construction, and equipping of the Montgomery County Conference Center facility,  
4 and to pledge the Montgomery County Conference Center facility and the  
5 Montgomery County Conference Center site or the leasehold interest therein, as  
6 security for the Authority's bonds;

7 (iii) A written agreement with Montgomery County:

8 1. Whereby Montgomery County agrees:

9 A. To market, promote, and operate or contract for the  
10 marketing, promotion, and operation of the Montgomery County Conference Center  
11 facility in a manner which maximizes the Montgomery County Conference Center's  
12 economic return to the community; and

13 B. To maintain and repair or contract for the maintenance  
14 and repair of the Montgomery County Conference Center facility so as to keep the  
15 Montgomery County Conference Center facility in first class operating condition; and

16 2. That includes provisions that:

17 A. Protect the Authority's and Montgomery County's  
18 respective investment in the Montgomery County Conference Center facility;

19 B. Require Montgomery County to contribute to a capital  
20 improvement reserve fund in an amount sufficient to keep the Conference Center in  
21 first class operating condition;

22 C. I. Require Montgomery County to be solely responsible  
23 for all expenditures relating to the operation of the Conference Center facilities,  
24 including net operating deficits (the amount by which expenditures exceed revenues)  
25 that may be incurred; and

26 II. Allow Montgomery County to keep all operating profits  
27 resulting from the operation of the Montgomery County Conference Center for all  
28 years; and

29 D. Provide for remedies upon default which include the right  
30 of the Authority, in the event of a material default by Montgomery County which has  
31 not been corrected after a reasonable notice and cure period, to immediately assume  
32 responsibility for maintenance and repairs of the Montgomery County Conference  
33 Center facility and offset the costs of such maintenance and repairs against other  
34 amounts owed by the Authority to Montgomery County, whether under the operating  
35 agreement with Montgomery County or otherwise;

36 (iv) An agreement between Montgomery County and the Authority  
37 for the Authority to select through a cooperative procurement agreement one or more  
38 contractors to develop, design, construct, operate, and manage the Montgomery



1 County Conference Center facilities during the period that the Authority's  
2 Montgomery County Conference Center facilities bonds are outstanding;

3 (v) An agreement between Montgomery County and the Authority  
4 that may allow for the establishment of a board of directors to manage the  
5 Montgomery County Conference Center, that provides that the board of directors may  
6 include representatives of the Authority, Montgomery County, the private developer,  
7 and the community, and that provides that unless action is taken to create a joint  
8 venture, corporation, or other legal entity, the board of directors is not a separate  
9 legal entity;

10 (vi) An agreement among Montgomery County, the Authority, and a  
11 private developer for the acquisition, construction, and operation of a hotel adjacent  
12 to the Montgomery County Conference Center and providing for a capital  
13 commitment from such developer for such hotel and, as appropriate, shared facilities;  
14 and

15 (8) With respect to site acquisition and construction of the Hippodrome  
16 Performing Arts Center facility, has secured, as approved by the Board of Public  
17 Works:

18 (i) One or more written agreements establishing commitments for  
19 payments to the Authority of amounts which shall be used by the Authority to fund  
20 the [\$56,000,000] \$60,000,000 of total ACQUISITION AND capital costs of construction  
21 of the Hippodrome Performing Arts Center facility and pursuant to which:

22 1. Baltimore City agrees to pay \$6,000,000, \$2,000,000 of  
23 which shall be deposited to the Hippodrome Performing Arts Center Financing Fund  
24 by July 1, 2000, and \$4,000,000 of which either shall be deposited to the Hippodrome  
25 Performing Arts Center Financing Fund by not later than the date of the Authority's  
26 bond issuance as authorized under § 13-712(a)(1) of this subtitle or which shall be  
27 deposited to the Hippodrome Performing Arts Center Financing Fund in \$2,000,000  
28 increments in each of the next 2 succeeding years from the proceeds of bond issuances  
29 which shall have received voter approval by not later than the date of the Authority's  
30 bond issuance as authorized under § 13-712(a)(1) of this subtitle;

31 2. The State of Maryland has deposited to the Hippodrome  
32 Performing Arts Center Financing Fund, an aggregate amount of \$16,500,000 or such  
33 lesser amount as is available to the Authority and is not subject to any budget  
34 contingencies;

35 3. The Authority agrees to issue bonds as authorized under §  
36 13-712(a)(1) of this subtitle and to use [\$10,000,000] \$12,000,000 of the proceeds from  
37 the sale of such bonds in the manner and for the purposes described in this  
38 subsection; and

39 4. One or more private entities, which may include an  
40 Authority affiliate ("private funding sources"):

1                                   A.       Deposit to the Hippodrome Performing Arts Center  
2 Financing Fund, not later than the date of the Authority's bond issuance as  
3 authorized under § 13-712(a)(1) of this subtitle, at least \$8,000,000, and agree, not  
4 later than the date of the Authority's bond issuance as authorized under §  
5 13-712(a)(1) of this subtitle, to pay an additional [\$15,500,000] \$17,500,000; and

6                                   B.       Agree, by not later than the date of the Authority's bond  
7 issuance as authorized under § 13-712(a)(1) of this subtitle, to pay all actual  
8 ACQUISITION AND capital costs of construction of the Hippodrome Performing Arts  
9 Center facility to the extent such costs are in excess of [\$56,000,000] \$60,000,000, AND  
10 THAT ANY SAVINGS FROM ACQUISITION OR CAPITAL COSTS UPON COMPLETION OF  
11 THE HIPPODROME PERFORMING ARTS CENTER SHALL BE PAID TO THE AUTHORITY;

12                               (ii)       A written agreement with the University System of Maryland  
13 pursuant to which the University System of Maryland agrees to transfer to the  
14 Authority fee title to the property described in § 13-701(s)(3) of this subtitle; and

15                               (iii)      A written agreement with an Authority affiliate whereby the  
16 Authority affiliate agrees:

17                                   1.       To market, promote, and operate or contract, subject to the  
18 approval of the Authority, for the marketing, promotion, and operation of the  
19 Hippodrome Performing Arts Center facility;

20                                   2.       To maintain and repair or contract, subject to the approval  
21 of the Authority, for the maintenance and repair of the Hippodrome Performing Arts  
22 Center facility so as to keep the Hippodrome Performing Arts Center facility in first  
23 class operating condition;

24                                   3.       To pay to the Authority for the duration of any bonds  
25 issued as authorized under § 13-712(a)(1) of this subtitle an amount equal to \$2 per  
26 ticket sold for admission to the Hippodrome Performing Arts Center facility; and

27                                   4.       To be solely responsible for all expenditures relating to the  
28 operation, maintenance, and repair of the Hippodrome Performing Arts Center  
29 facility, including net operating deficits (the amount by which expenditures exceed  
30 revenues) that may be incurred.

31       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 June 1, 2002.