

HOUSE BILL 178

C8
HB 133/18 – APP

9lr0183
CF SB 177

By: **The Speaker (By Request – Administration) and Delegates Hartman, Anderton, Arentz, Chisholm, Ciliberti, Clark, Corderman, Cox, Jacobs, Kipke, Kittleman, Malone, Mautz, Metzgar, Otto, Saab, and Szeliga**

Introduced and read first time: January 23, 2019

Assigned to: Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: March 30, 2019

CHAPTER _____

1 AN ACT concerning

2 **Maryland Stadium Authority – Ocean City Convention Facility – Renovation**

3 FOR the purpose of authorizing the Maryland Stadium Authority to provide for the
4 renovation of the Ocean City Convention facility; altering the authority of the Board
5 of Public Works to approve an issuance of certain bonds related to the Ocean City
6 Convention facility without receiving authorization by the General Assembly;
7 altering the requirement that the Authority, with certain exceptions, comply with
8 certain requirements to finance certain activities; altering certain contribution
9 amounts, allocations of savings, and leasehold ownership allocations that must be
10 contained in a certain lease or other written agreement with Ocean City; altering the
11 contents required in a certain deed, lease, or written agreement with Ocean City;
12 altering the responsibility of certain operating deficits, certain capital
13 improvements, and certain capital contribution amounts that must be contained in
14 a certain written agreement with Ocean City; providing that an agreement entered
15 into between Ocean City and the Authority in accordance with the provisions of this
16 Act shall supersede certain prior agreements; and generally relating to the Maryland
17 Stadium Authority and the Ocean City Convention facility.

18 BY repealing and reenacting, without amendments,
19 Article – Economic Development
20 Section 10–628(a)
21 Annotated Code of Maryland
22 (2018 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
2 Article – Economic Development
3 Section 10–628(c) and 10–643
4 Annotated Code of Maryland
5 (2018 Replacement Volume)

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

8 **Article – Economic Development**

9 10–628.

10 (a) Except as provided in subsections (b) and (c) of this section and subject to the
11 prior approval of the Board of Public Works, the Authority may issue bonds at any time for
12 any corporate purpose of the Authority, including the establishment of reserves and the
13 payment of interest.

14 (c) (1) Unless authorized by the General Assembly, the Board of Public Works
15 may not approve an issuance by the Authority of bonds, whether taxable or tax exempt,
16 that constitute tax supported debt or nontax supported debt if, after issuance, there would
17 be outstanding and unpaid more than the following face amounts of the bonds for the
18 purpose of financing acquisition, construction, renovation, and related expenses for
19 construction management, professional fees, and contingencies in connection with:

20 (i) the Baltimore Convention facility – \$55,000,000;

21 (ii) the Hippodrome Performing Arts facility – \$20,250,000;

22 (iii) the Montgomery County Conference facility – \$23,185,000;

23 (iv) the Ocean City Convention facility – **[\$17,340,000]**
24 **\$24,500,000;** and

25 (v) Baltimore City public school facilities – \$1,100,000,000.

26 (2) (i) The limitation under paragraph (1)(i) of this subsection applies
27 to the aggregate principal amount of bonds outstanding as of June 30 of any year.

28 (ii) Refunded bonds may not be included in the determination of an
29 outstanding aggregate amount under this paragraph.

30 10–643.

31 (a) Except as allowed by § 10–639 of this subtitle, to finance site acquisition **[and]**,
32 construction, **AND RENOVATION** of any segment of an Ocean City Convention facility, the

1 Authority shall comply with this section.

2 (b) The Authority shall provide to the fiscal committees of the General Assembly,
3 at least 45 days before seeking approval of the Board of Public Works for each bond issue
4 or other borrowing, a comprehensive financing plan for the relevant segment of the facility,
5 including the effect of the financing plan on financing options for other segments of the
6 facility.

7 (c) The Authority shall obtain the approval of the Board of Public Works of the
8 proposed bond issue and the financing plan.

9 (d) The Authority shall secure a lease or other written agreement with Ocean
10 City, as approved by the Board of Public Works, under which:

11 (1) Ocean City agrees to:

12 (i) issue bonds not later than the date of the Authority's bond
13 issuance as authorized under § 10-628 of this subtitle; and

14 (ii) contribute ~~[\$14,700,000]~~ **\$15,000,000** of the proceeds from the
15 sale of the bonds for the capital costs of the expansion of the Ocean City Convention Center;

16 (2) the Authority agrees to:

17 (i) issue bonds as authorized under § 10-628 of this subtitle; and

18 (ii) contribute ~~[\$14,700,000 of]~~ the proceeds from the sale of the
19 bonds **AFTER DEDUCTION OF THE COST OF ISSUANCE**, for the capital costs of the
20 expansion of the Ocean City Convention Center;

21 (3) Ocean City and the Authority agree that if the actual capital costs of
22 the expansion of the Ocean City Convention Center are less than ~~[\$29,400,000]~~
23 **\$37,500,000**, the **PERCENTAGE OF** savings shall be allocated **IN PROPORTION TO THE**
24 **CAPITAL COSTS CONTRIBUTIONS MADE IN ACCORDANCE WITH THIS SUBSECTION**[:

25 (i) one-half to the Authority; and

26 (ii) one-half to Ocean City];

27 (4) Ocean City agrees to provide the Ocean City Convention site, as defined
28 in § 10-601 of this subtitle, for the expansion and renovation of the Ocean City Convention
29 facility;

30 (5) Ocean City and the Authority shall:

31 (I) each own a ~~[50%]~~ **PERCENTAGE OF** leasehold interest as

1 tenants in common in the improvements comprising the existing Ocean City Convention
 2 Center and the Ocean City Convention Center expansion for the duration of any bonds
 3 issued as authorized under § 10–628 of this subtitle and for 20 years thereafter; and

4 **(II) ALLOCATE THE PERCENTAGE OF LEASEHOLD OWNERSHIP**
 5 **INTEREST UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH AS FOLLOWS:**

6 **1. A. 60% TO THE AUTHORITY; AND**

7 **B. 40% TO OCEAN CITY; OR**

8 **2. PERCENTAGES AS MAY BE REQUIRED FOR BONDS**
 9 **ISSUED UNDER THE AUTHORIZATION PROVIDED IN § 10–628 OF THIS SUBTITLE; AND**

10 (6) Ocean City and the Authority agree not to sell, assign, mortgage,
 11 pledge, or encumber the Ocean City Convention facility, or any leasehold interest in the
 12 facility, without the prior consent of the other, except for liens in favor of their respective
 13 bondholders.

14 (e) The Authority shall secure a deed, lease, or written agreement with Ocean
 15 City, as approved by the Board of Public Works, authorizing the Authority to:

16 (1) design, construct, and equip, or contract for the design, construction,
 17 and equipping of the Ocean City Convention facility **RENOVATION AND** expansion; and

18 (2) pledge the Ocean City Convention facility and the Ocean City
 19 Convention site or the leasehold interest in the facility as security for the Authority's bonds.

20 (f) (1) The Authority shall secure a written agreement with Ocean City, as
 21 approved by the Board of Public Works:

22 (i) in which Ocean City agrees to:

23 1. subject to paragraph (2) of this subsection, market,
 24 promote, and operate the Ocean City Convention facility in a manner that maximizes the
 25 facility's economic return;

26 2. maintain and repair the facility so as to keep it in first
 27 class operating condition; and

28 3. be solely responsible for all operating deficits and capital
 29 improvements[:

30 A. before the completion of the expanded and renovated
 31 Ocean City Convention facility; and

1 B.] 20 years after the repayment of the Ocean City Convention
2 facility bonds issued by the Authority; and

3 (ii) that includes provisions that:

4 1. protect the respective investment of the Authority and
5 Ocean City;

6 2. require:

7 A. the Authority to contribute one-half and Ocean City to
8 contribute one-half to operating deficits; and

9 B. the Authority and Ocean City each to contribute **[\$50,000]**
10 **\$100,000** each year to a capital improvement reserve fund, for the period beginning on the
11 completion of the expanded and renovated Ocean City Convention facility and continuing
12 during the period that the Ocean City Convention facility bonds issued by the Authority
13 are outstanding and for 20 years thereafter; and

14 3. provide for remedies on default, including the right of the
15 Authority, if a material default by Ocean City is not corrected after a reasonable notice and
16 cure period, to:

17 A. immediately assume responsibility for maintenance and
18 repairs of the Ocean City Convention facility; and

19 B. offset the costs of the maintenance and repairs against
20 other amounts owed by the Authority to Ocean City, whether under the operating
21 agreement with Ocean City or otherwise.

22 (2) Paragraph (1)(i)1 of this subsection may not be construed to require
23 gambling activities in the Ocean City Convention facility.

24 SECTION 2. AND BE IT FURTHER ENACTED, That an agreement entered into
25 between Ocean City and the Maryland Stadium Authority in accordance with the
26 provisions of this Act shall supersede any prior agreements between Ocean City and the
27 Maryland Stadium Authority required under Title 10, Subtitle 6 of the Economic
28 Development Article.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2019.