

SENATE BILL 177

C8
HB 133/18 – APP

9lr0084
CF 9lr0183

By: **The Minority Leader (By Request – Administration) and Senators Carozza, Bailey, Eckardt, Gallion, Hershey, Jennings, and West**

Introduced and read first time: January 21, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

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)

23 BY repealing and reenacting, with amendments,

24 Article – Economic Development

25 Section 10–628(c) and 10–643

26 Annotated Code of Maryland

27 (2018 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Economic Development**

4 10–628.

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

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

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

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

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

18 (iv) the Ocean City Convention facility – **[\$17,340,000]**
19 **\$24,500,000;** and

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

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

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

25 10–643.

26 (a) Except as allowed by § 10–639 of this subtitle, to finance site acquisition **[and]**,
27 construction, **AND RENOVATION** of any segment of an Ocean City Convention facility, the
28 Authority shall comply with this section.

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

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

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

5 (1) Ocean City agrees to:

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

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

10 (2) the Authority agrees to:

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

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

15 (3) Ocean City and the Authority agree that if the actual capital costs of
16 the expansion of the Ocean City Convention Center are less than **[\$29,400,000]**
17 **\$37,500,000**, the **PERCENTAGE OF** savings shall be allocated **IN PROPORTION TO THE**
18 **CAPITAL COSTS CONTRIBUTIONS MADE IN ACCORDANCE WITH THIS SUBSECTION**[:

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

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

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

24 (5) Ocean City and the Authority shall:

25 **(I)** each own a **[50%] PERCENTAGE OF** leasehold interest as
26 tenants in common in the improvements comprising the existing Ocean City Convention
27 Center and the Ocean City Convention Center expansion for the duration of any bonds
28 issued as authorized under § 10-628 of this subtitle and for 20 years thereafter; and

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

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

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

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

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

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

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

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

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

17 (i) in which Ocean City agrees to:

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

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

23 3. be solely responsible for all operating deficits and capital
 24 improvements[:

25 A. before the completion of the expanded and renovated
 26 Ocean City Convention facility; and

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

29 (ii) that includes provisions that:

30 1. protect the respective investment of the Authority and
 31 Ocean City;

1 2. require:

2 A. the Authority to contribute one-half and Ocean City to
3 contribute one-half to operating deficits; and

4 B. the Authority and Ocean City each to contribute **[\$50,000]**
5 **\$100,000** each year to a capital improvement reserve fund, for the period beginning on the
6 completion of the expanded and renovated Ocean City Convention facility and continuing
7 during the period that the Ocean City Convention facility bonds issued by the Authority
8 are outstanding and for 20 years thereafter; and

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

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

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

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

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

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2019.