

## Chapter 218

**(Senate Bill 177)**

AN ACT concerning

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

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

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

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

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

**Article – Economic Development**

10–628.

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

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

- (i) the Baltimore Convention facility – \$55,000,000;
- (ii) the Hippodrome Performing Arts facility – \$20,250,000;
- (iii) the Montgomery County Conference facility – \$23,185,000;
- (iv) the Ocean City Convention facility – **[\$17,340,000]**  
**\$24,500,000;** and
- (v) Baltimore City public school facilities – \$1,100,000,000.

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

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

10–643.

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

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

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

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

- (1) Ocean City agrees to:
  - (i) issue bonds not later than the date of the Authority’s bond

issuance as authorized under § 10–628 of this subtitle; and

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

(2) the Authority agrees to:

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

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

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

(i) one-half to the Authority; and

(ii) one-half to Ocean City];

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

(5) Ocean City and the Authority shall:

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

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

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

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

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

(6) Ocean City and the Authority agree not to sell, assign, mortgage, pledge, or encumber the Ocean City Convention facility, or any leasehold interest in the

facility, without the prior consent of the other, except for liens in favor of their respective bondholders.

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

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

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

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

(i) in which Ocean City agrees to:

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

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

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

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

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

(ii) that includes provisions that:

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

2. require:

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

B. the Authority and Ocean City each to contribute **[\$50,000] \$100,000** each year to a capital improvement reserve fund, for the period beginning on the completion of the expanded and renovated Ocean City Convention facility and continuing

during the period that the Ocean City Convention facility bonds issued by the Authority are outstanding and for 20 years thereafter; and

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

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

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

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

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

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

**Approved by the Governor, April 30, 2019.**