

**CITY OF BALTIMORE
ORDINANCE _____
Council Bill 05-0236**

Introduced by: The Council President
At the request of: The Administration (Department of Finance)
Introduced and read first time: August 15, 2005
Assigned to: Committee of the Whole
Committee Report: Favorable
Council action: Adopted
Read second time: September 19, 2005

AN ORDINANCE CONCERNING

**Supplementary Convention Center Hotel Loan Fund Capital
Appropriation – Department of Finance - \$305,000,000**

FOR the purpose of providing a Supplementary Convention Center Hotel Loan Fund Capital Appropriation in the amount of \$305,000,000 to the Department of Finance (Account #9908-146-031), to provide funds for the acquisition, construction, furnishing, and equipping of a convention center headquarters hotel in the City of Baltimore; and providing for a special effective date.

By authority of
Article VI - Board of Estimates
Section 8(b)(1) and (c)
Baltimore City Charter
(1996 Edition)

Recitals

Whereas, tourism, conventions, and convention-generated business activity have been cornerstones of the City of Baltimore’s economic revitalization over the past 25 years;

Whereas, the acquisition, construction, furnishing, equipping, and operating of a convention center headquarters hotel (the “Hotel”) will further improve economic development and increase employment opportunities in the City;

Whereas, construction of the Hotel will create a projected 663 construction-related jobs during development;

Whereas, once completed, the Hotel will support a projected 550 full-time equivalent jobs, with an annual payroll of \$19 million;

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from existing law by amendment.

1 **Whereas**, the private-sector operator of the Hotel (Hilton Hotels Corporation) has committed
2 to the hiring of City residents at all job levels;

3 **Whereas**, Hilton Hotels Corporation has committed to using the job training and other
4 employment development resources available at the Mayor’s Office of Employment
5 Development;

6 **Whereas**, the Hotel will meet or exceed minority and women business enterprises
7 (MBE/WBE) participation goals;

8 **Whereas**, minority and women businesses are projected to earn at least \$40 million as a
9 result of the Hotel;

10 **Whereas**, the Hotel will sustain and enhance the City’s tourism and hotel industry, as well as
11 benefit many restaurants, retail shops, entertainment venues, and cultural attractions that depend
12 on both visitors and local residents;

13 **Whereas**, the Hotel will pay a projected \$1.229 million in City taxes during Hotel
14 construction, and a projected \$800,000 in other utility, parking, and piggyback City taxes per
15 year;

16 **Whereas**, the City will receive all excess revenues or profit from the Hotel, projected at \$3.3
17 million in 2009, and increasing to approximately \$7 million beginning in 2013;

18 **Whereas**, notwithstanding all these direct benefits from the Hotel financing, the Hotel also
19 has the potential to provide net revenue to the City for City-wide neighborhood projects; and

20 **Whereas**, it is appropriate for the City to finance the acquisition, construction, furnishing,
21 and equipping of the Hotel:

22 This Ordinance provides for the supplementary appropriation of the proceeds (the “Bond
23 Proceeds”) of certain revenue bonds (the “Bonds”) to be issued for the purpose of financing the
24 acquisition, construction, furnishing, and equipping of a convention center headquarters hotel in
25 the City of Baltimore. The Bonds shall be issued pursuant to a trust agreement (the “Indenture”)
26 by and between the City and a trustee for the Bonds (the “Trustee”), or a materially similar
27 document. Pursuant to Article VII, Section 21 of the Baltimore City Charter, the Board of
28 Finance (the “Board”) is authorized to “determine all matters pertaining to the issuance and sale
29 of certificates of indebtedness,” which includes the Bonds. As approved by the Board, the Bond
30 Indenture shall provide that the Bond Proceeds shall be used only for the purposes of financing
31 the acquisition, construction, furnishing, and equipping of a convention center headquarters
32 hotel.

33 As further approved by the Board, the Bond Proceeds shall be disbursed pursuant to a loan
34 agreement (the “Loan Agreement”) by and between the owner of the hotel and the Mayor and
35 City Council of Baltimore, acting by and through the Department of Finance. The Loan
36 Agreement provides that it shall be approved by the Board of Estimates and shall evidence the
37 agreement of the City to disburse the funds, subject to certain conditions as provided for in the
38 agreement and in the documents relating to the Bonds (the “Bond Documents”).

39 The Bond Proceeds are in excess of those relied upon by the Board of Estimates in
40 determining the tax levy required to balance the budget for Fiscal Year 2006. The Indenture

1 provides that upon the sale of the Bonds, the Bond Proceeds will be held by the Trustee in trust
2 for the holders of the Bonds and subject to the above-referenced limitations of the Indenture and
3 other Bond Documents. Therefore, the Bond Proceeds do not represent revenue that would ever
4 be relied upon by the Board of Estimates to determine the tax levy required to balance the
5 Ordinance of Estimates for Fiscal Year 2006 or for any other year in which the Bond proceeds
6 might be disbursed.

7 Therefore, to the extent required by law, the Board of Estimates on August 3, 2005, has
8 recommended that the City Council of Baltimore approve this Supplementary Convention Center
9 Hotel Loan Fund Capital Appropriation for the purpose of financing the acquisition,
10 construction, furnishing, and equipping of a convention center headquarters hotel in the City of
11 Baltimore, and has authorized the execution of any documents necessary to effectuate the
12 disbursement of Bond Proceeds to the extent that such documents are not otherwise related to the
13 issuance and sale of the certificates of indebtedness.

14 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That to
15 the extent required by law, an amount not to exceed \$305,000,000 shall be made available to the
16 Department of Finance (Account #9908-146-031) as a Supplementary Convention Center Hotel
17 Loan Fund Capital Appropriation for Fiscal Year 2006, to provide for the acquisition,
18 construction, furnishing, and equipping of a convention center headquarters hotel in the City of
19 Baltimore. The source of revenue for this appropriation is the proceeds of the Convention
20 Center Hotel Revenue Bonds (the "Bond Proceeds"), in excess of the amount from this source
21 that was relied on by the Board of Estimates in determining the tax levy required to balance the
22 budget for Fiscal Year 2006. The Bond Proceeds, subject to the Bond Documents as approved
23 by the Board of Finance, are to be made available for disbursement through a loan agreement
24 executed by the Mayor and City Council of Baltimore, acting by and through the Department of
25 Finance and such other parties as may be necessary.

26 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it
27 is enacted.

Certified as duly passed this _____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to His Honor, the Mayor,

this _____ day of _____, 20__

Chief Clerk

Approved this _____ day of _____, 20__

Mayor, Baltimore City