



Legislation Details (With Text)

File #: 08-0162 **Version:** 0 **Name:** State Obligations Pledge for Westport Waterfront Development
Type: Ordinance **Status:** Enacted
File created: 7/21/2008 **In control:** City Council
On agenda: **Final action:** 12/11/2008
Enactment date: **Enactment #:** 08-96
Title: State Obligations Pledge for Westport Waterfront Development

FOR the purpose of authorizing the pledge by the City of Tax Increment Revenues and Special Tax Revenues (as such terms are defined herein), subject to appropriation, to the payment of debt service on State Obligations (as defined herein), issued from time to time and in one or more issues or series in an aggregate principal amount not exceeding \$160,000,000, the replenishment of any reserves and the payment of certain expenses and administrative costs, for the purpose of financing infrastructure improvements, including, without limitation, street and road improvements, site removal, the acquisition of land, the construction of buildings that will provide units of affordable housing and certain other infrastructure improvements permitted by the Acts (as defined herein); authorizing the execution and delivery by the City of a contribution agreement or other such agreement providing for such pledge; authorizing the Board of Finance to specify, prescribe, determine, provide for and approve the method and sources of such pledge, the details, forms, documents or procedures in connection with such pledge, and any other matters necessary or desirable in connection with such pledge; and providing for a special effective date.

Sponsors: City Council President (Administration)

Indexes: State Obligations Pledge, Waterfront Development District, Westport

Code sections:

Attachments: 1. 08-0162 - 1st Reader.pdf, 2. Parking Authority - 08-0162.pdf, 3. Finance - 08-0162.pdf, 4. BDC - 08-0162.pdf, 5. HCD - 08-0162.pdf, 6. DPW - 08-0162.pdf, 7. BMZA - 08-0162.pdf, 8. Law - 08-0162.pdf, 9. Planning - 08-0162.PDF, 10. BOE - 08-0162.pdf, 11. 08-0162 - 3rd Reader.pdf

Date	Ver.	Action By	Action	Result
12/11/2008	0	Mayor	Signed by Mayor	
12/4/2008	0	City Council	Approved and Sent to the Mayor	
11/24/2008	0	City Council	Advanced to 3rd Rdr., Adopted Comm. Report	
11/24/2008	0	Taxation, Finance and Economic Development Committee	Recommended Favorably with Amendment	
11/17/2008	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
10/27/2008	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
7/24/2008	0	The City Council	Referred for a Report	
7/24/2008	0	The City Council	Referred for a Report	
7/24/2008	0	The City Council	Referred for a Report	
7/24/2008	0	The City Council	Referred for a Report	
7/24/2008	0	The City Council	Referred for a Report	

7/24/2008	0	The City Council	Referred for a Report
7/24/2008	0	The City Council	Referred for a Report
7/24/2008	0	The City Council	Referred for a Report
7/24/2008	0	The City Council	Referred for a Report
7/21/2008	0	City Council	Assigned
7/21/2008	0	City Council	Introduced

* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.
INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL

Introduced by: The Council President
At the request of: The Administration (Baltimore Development Corporation)

A BILL ENTITLED

AN ORDINANCE concerning
State Obligations Pledge for Westport Waterfront Development

FOR the purpose of authorizing the pledge by the City of Tax Increment Revenues and Special Tax Revenues (as such terms are defined herein), subject to appropriation, to the payment of debt service on State Obligations (as defined herein), issued from time to time and in one or more issues or series in an aggregate principal amount not exceeding \$160,000,000, the replenishment of any reserves and the payment of certain expenses and administrative costs, for the purpose of financing infrastructure improvements, including, without limitation, street and road improvements, site removal, the acquisition of land, the construction of buildings that will provide units of affordable housing and certain other infrastructure improvements permitted by the Acts (as defined herein); authorizing the execution and delivery by the City of a contribution agreement or other such agreement providing for such pledge; authorizing the Board of Finance to specify, prescribe, determine, provide for and approve the method and sources of such pledge, the details, forms, documents or procedures in connection with such pledge, and any other matters necessary or desirable in connection with such pledge; and providing for a special effective date.

BY authority of
Article II - General Powers
Sections (62) and (62A)
Baltimore City Charter
(1996 Edition)

Recitals

Article II, Section (62) of the Baltimore City Charter (the “Tax Increment Act”) authorizes the Mayor and City Council of Baltimore (the “City”) to establish a “development district” (as defined in the Tax Increment Act) and a special, tax increment fund into which the revenues and receipts from the real property taxes representing the levy on the “tax increment” (as defined in the Tax Increment Act) for the development district are deposited for the purpose of providing funds for the development of the development district.

Pursuant to an Ordinance enacted prior to or simultaneously with this Ordinance (the “Tax Increment Ordinance”), the City has:

- (i) designated the Westport Waterfront Development District (the “Development District”);
- (ii) created the Westport Waterfront Development District Tax Increment Fund;
- (iii) provided that until Bonds or State Obligations (as such terms are defined herein) issued with respect to the Development District have been fully paid, the property taxes on real property in the Development District shall be divided as provided in the Tax Increment Act; and
- (iv) made other findings and determinations with respect to the Development District.

Article II, Section (62A) of the Baltimore City Charter (the “Special Taxing District Act”) authorizes the City to establish a “special taxing district” (as defined in the Special Taxing District Act) and a special fund into which the special taxes levied in the special taxing district are deposited, for the purpose of providing financing, refinancing, or reimbursement for the cost (as defined in the Special Taxing District Act) of infrastructure improvements (as defined in the Special Taxing District Act).

Pursuant to an Ordinance enacted prior to or simultaneously with this Ordinance (the “Special Taxing District Ordinance”), the City has:

- (i) designated the Westport Waterfront Special Taxing District (the “Special Taxing District”);
- (ii) created the Westport Waterfront Special Taxing District Special Fund;
- (iii) authorized the levy of a special tax on all real and personal property within the Special Taxing District pursuant to the Rate and Method (as defined herein); and
- (iv) made certain other findings and determinations with respect to the Special Taxing District.

The Tax Increment Act authorizes the City, subject to certain requirements, to pay or be reimbursed for the payment of debt service and related costs which the City is obligated to pay or has paid on Bonds or State Obligations, the proceeds of which provided funds for the financing and refinancing of the development of an industrial, commercial or residential area in Baltimore City.

The Special Taxing District Act authorizes the City, subject to certain requirements, to pay or be reimbursed for the payment of debt service and related costs which the City is obligated to pay or has paid on Bonds or State Obligations, the proceeds of which provided funds for the financing, refinancing, or reimbursement for the cost of infrastructure improvements.

The City has determined to make a pledge of certain tax revenues to a State Issuer in order to finance the costs of infrastructure improvements within the Special Taxing District and the Development District.

MEDCO (defined herein), pursuant to a resolution adopted on February 25, 2008, authorized the issuance of its non-recourse, tax-exempt, limited obligation revenue bonds, from time to time and in one or more issues or series, pursuant to the provisions of Sections 5-201 through 5217, inclusive, of Article 83A of the Annotated Code of Maryland, as amended, for the purpose of financing and refinancing the costs of the Project (as defined herein).

The City wishes (i) to authorize the pledge of certain tax revenues and the execution and delivery by the City of a written contribution agreement evidencing such pledge and (ii) to approve the issuance of State Obligations to provide funds for the costs of the infrastructure improvements permitted by the Acts, including, without limitation,

street and road improvements, the acquisition of land, construction of buildings to provide units of affordable housing and public improvements relating to the development of residential, commercial and office uses within the Development District and the Special Taxing District or, if outside the Special Taxing District, reasonably related to improvements within such Special Taxing District.

The City also wishes to determine various matters in connection with the foregoing, including authorizing the Board of Finance to undertake additional actions in connection with the issuance of additional State Obligations to finance the remaining costs of the Project.

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That for the purposes of this Ordinance, the following terms have the meanings indicated:

- (a) “Acts” means the Tax Increment Act and the Special Taxing District Act.
- (b) “Bond” means any bond, note, or other similar instrument issued by the Mayor and City Council of Baltimore under the Acts.
- (c) “City expenses” means the expenses of the City in carrying out its duties under this Ordinance, the Tax Increment Ordinance, the Special Taxing District Ordinance and the Contribution Agreement, including:
 - (1) the expenses incurred in levying and collecting the Special Tax;
 - (2) any expenses incurred in complying with obligated person disclosure requirements associated with applicable federal and state securities law, including the costs of any employees of the City and fees of any professionals retained by the City to provide these services; and
 - (3) all other costs and expenses of the City incurred in connection with the discharge of its duties under the Contribution Agreement, including legal expenses associated with those duties, and in any way related to the administration of the Special Taxing District or the Development District.
- (d) “Contribution Agreement” means one or more contribution agreements or such other agreements executed by the City and a State Issuer, pursuant to which the City will evidence a pledge of certain tax revenues for the purpose of securing the payment of debt service on the State Obligations, the replenishment of any reserve fund, and the payment of other costs with respect to the State Obligations, including, without limitation, any City expenses, State Issuer Expenses, and other administrative costs.
- (e) “Development District” means the Westport Waterfront Development District.
- (f) “Districts” means the Development District and the Special Taxing District.
- (g) “Includes” or “including” means by way of illustration and not by way of limitation.
- (h) “Indenture” means the indenture under which the State Obligations are issued.
- (i) “Initial State Obligations” means the bonds issued by MEDCO in an aggregate principal amount not to exceed \$40,000,000 for the purpose of financing and refinancing a portion of the costs of the Project.
- (j) “MEDCO” means the Maryland Economic Development Corporation.
- (k) “Project” means the following improvements and activities completed in accordance with all

required City approvals:

- (1) the design and construction of street and road improvements to, from or within the Special Taxing District, including, without limitation, the installation of curbs, gutters, sidewalks, lighting and landscaping, and the construction of access and capacity improvements to the Waterview Avenue bridge which are designed to improve traffic flow to and from the Development District;
 - (2) the installation of utilities, including, without limitation, water and sewer, and the construction of bike trails, parks and playgrounds, and other necessary improvements including lighting, stormwater management facilities and other facilities;
 - (3) the acquisition by purchase, lease, or condemnation of land or other property, or an interest in them, in the Development District or as necessary for a right-of-way or other easement to or from the Development District;
 - (4) the acquisition, design, construction, reconstruction, renovation, and development of buildings that provide units of affordable housing and condemning or otherwise acquiring structures, real or personal property, rights, rights-of-way, franchises, easements, and interests in furtherance of this purpose;
 - (5) parking facilities;
 - (6) site removal, including site preparation, earthwork, clearing, grading, and filling; and
 - (7) the acquisition, construction, renovation, and development of other related infrastructure improvements and the financing or refinancing of any related costs as permitted by the Acts that are necessary for the completion of the foregoing for their intended public purposes.
-
- (l) “Rate and Method” means the Rate and Method of Apportionment of the Special Taxes attached to the Special Taxing District Ordinance as Exhibit 2.
 - (m) “Revenues” means collectively the Tax Increment Revenues and the Special Tax Revenues, to the extent such revenues are expressly pledged pursuant to the Contribution Agreement.
 - (n) “Special Tax” means the special tax authorized to be levied and collected in the Special Taxing District by the Special Taxing District Ordinance.
 - (o) “Special Tax Fund” means the Westport Waterfront Special Tax Fund.
 - (p) “Special Tax Revenues” means the revenues and receipts from the Special Tax, including amounts deposited in the Special Tax Fund and any other fund into which all or any of these revenues and receipts are deposited after they are appropriated by the City.
 - (q) “Special Taxing District” means the Westport Waterfront Special Taxing District.
 - (r) “Special Taxing District Act” means Article II, Chapter (62A) of the Baltimore City Charter.
 - (s) “Special Taxing District Ordinance” means the Ordinance of the City designating the Special Taxing District.
 - (t) “State Issuer” means MEDCO, the State of Maryland, or any agency, department, or political subdivision thereof.

- (u) “State Issuer Expenses” means administrative costs and other expenses related to the State Obligations of the State Issuer permitted by the Acts and approved by the Director of Finance to be paid by the City pursuant to a contribution agreement.
- (v) “State Obligations” means any bonds or bond, notes or note, or other similar instruments or instrument issued by a State Issuer, the proceeds of which have been used to finance a portion of the costs of the Project, including, without limitation, bonds issued by MEDCO pursuant to the provisions of Sections 5-201 through 5-217, inclusive, of Article 83A of the Annotated Code of Maryland, as amended.
- (w) “Tax Increment” means for any tax year, the amount by which the assessable base (as defined in the Tax Increment Ordinance) as of January 1 preceding that tax year exceeds the original taxable value (as defined in the Tax Increment Ordinance), divided by the assessment ratio (as defined in the Tax Increment Ordinance) used to determine the original taxable value.
- (x) “Tax Increment Act” means Article II, Chapter (62) of the Baltimore City Charter.
- (y) “Tax Increment Fund” means the Westport Waterfront Development District Tax Increment Fund.
- (z) “Tax Increment Ordinance” means the Ordinance of the City designating the Development District.
- (aa) “Tax Increment Revenues” means the revenues and receipts from the taxes representing the levy on the Tax Increment that would normally be paid to the City, including amounts deposited in the Tax Increment Fund or any other fund into which all or any part of these revenues and receipts are deposited after they are appropriated by the City.
- (bb) “Tax year” means the period from July 1 of a calendar year through June 30 of the next calendar year.

SECTION 2. AND BE IT FURTHER ORDAINED, That the City finds and determines that the pledge of certain tax revenues for the benefit of State Obligations issued, from time to time, for the purpose of providing funds to finance a portion of the costs of the Project:

- (a) accomplishes the purposes of the Acts;
- (b) serves public purposes, including the direct and indirect enhancement of the taxable base of the City, the facilitation of planned improvements to the Development District and the Special Taxing District, the creation of new employment opportunities, the encouragement of additional economic activities, the development or redevelopment of slum, blighted or deteriorated areas, the undertaking of urban renewal projects and the furtherance of economic development conducted pursuant to comprehensive plans; and
- (c) generally promotes the health, welfare, and safety of the residents of the State of Maryland and of the City of Baltimore.

SECTION 3. AND BE IT FURTHER ORDAINED, That:

- (a) The City approves the issuance from time to time of one or more issues or series of State Obligations by a State Issuer in an aggregate principal amount not to exceed \$160,000,000.
- (b) The Initial State Obligations may be issued by MEDCO in an aggregate principal amount not to exceed \$40,000,000. Thereafter, subsequent series or issues of State Obligations may be approved from time to time by the

Board of Finance.

(c) The proceeds of the State Obligations may be utilized solely for the following purposes, as the Board of Finance determines pursuant to Section 10 of this Ordinance:

- (1) to finance all or part of the costs of the Project;
- (2) to establish a debt service reserve fund for the State Obligations;
- (3) to fund capitalized interest on the State Obligations; and
- (4) to pay costs and expenses of issuing the State Obligations, including any City expenses and State Issuer Expenses.

(d) The State Obligations shall be issued pursuant to the provisions of an Indenture at any time or from time to time in one or more issues or series. Each issue or series of the State Obligations shall be identified by the year of issue or by other designation. Such details shall be set forth further in any bond resolution to be adopted by the State Issuer in connection with the issuance of the State Obligations.

SECTION 4. AND BE IT FURTHER ORDAINED, That:

(a) The Tax Increment Revenues are authorized to be pledged pursuant to the Contribution Agreement to provide for the payment by the State Issuer of the principal of and interest and other related costs on the State Obligations. However, the Tax Increment Revenues shall not be irrevocably pledged, and the obligation of the City under the Contribution Agreement to pay the Tax Increment Revenues to the State Issuer is subject to annual appropriation by the City.

(b) If any State Obligations are outstanding, the Tax Increment Revenues may not be used for the purposes set forth in Section 6 of the Tax Increment Ordinance unless the amount in the Tax Increment Fund exceeds:

- (1) the amount necessary to satisfy the City's obligations under the Contribution Agreement; and
- (2) the amount of City expenses and State Issuer Expenses due and payable and to become due and payable in that fiscal year.

SECTION 5. AND BE IT FURTHER ORDAINED, That the pledge of certain tax revenues and the City's obligations under the Contribution Agreement are special obligations of the City. The pledge of certain tax revenues and the City's obligations under the Contribution Agreement do not constitute a general obligation debt of the City or a pledge of the City's full faith and credit or taxing power.

SECTION 6. AND BE IT FURTHER ORDAINED, That this Ordinance authorizes, but does not require, the City to execute a Contribution Agreement. The City shall not create or incur any obligation to any owner or State Issuer with regard to the matters contemplated or described in this Ordinance unless and until the Contribution Agreement is executed and delivered on behalf of the City, and then only to the extent provided in such Contribution Agreement or other documents executed and delivered by the City in connection with the Contribution Agreement.

SECTION 7. AND BE IT FURTHER ORDAINED, That the obligations of the City under the Contribution Agreement shall be payable:

- (a) first, from the Tax Increment Revenues, subject to annual appropriation by the City; and

(b) second, to the extent the Tax Increment Revenues are not sufficient to satisfy the City's obligations under the Contribution Agreement and to pay City expenses, from the Special Tax Revenues, subject to annual appropriation by the City;

provided that, in each instance, the obligations of the City under the Contribution Agreement are payable from the revenues set forth above only to the extent such revenues are pledged pursuant to the Contribution Agreement.

SECTION 8. AND BE IT FURTHER ORDAINED, That:

(a) No Special Tax shall be levied unless the Tax Increment Revenues are not sufficient to satisfy the City's obligations under the Contribution Agreement and to pay the City expenses. The amount of the Special Tax required to be levied in any tax year to provide for the satisfaction of the City's obligations under the Contribution Agreement may be reduced to the extent that amounts are otherwise made available to the State Issuer for the payment of the City's obligations under the Contribution Agreement. The amount of the Special Tax required to be levied in any tax year to provide for the payment of City expenses may be reduced to the extent that amounts are held under the Indenture, or amounts are otherwise made available to the City are available for the payment of City expenses in that tax year.

(b) The City covenants to levy the Special Tax, in accordance with the Rate and Method, up to the maximum special tax provided in the Rate and Method, at a rate and amount at least sufficient to satisfy the City's obligations under the Contribution Agreement and to pay City expenses and State Issuer Expenses (to the extent these expenses are not otherwise provided for), to the extent capitalized interest and other amounts available under the Indenture, the Tax Increment Revenues, and any amounts in the Tax Increment Fund are insufficient. The Special Tax also may be levied with respect to refunding State Obligations without notice to or the consent of the property owners in the Special Taxing District as provided in the Indenture.

(c) The Special Tax Revenues are authorized to be pledged pursuant to the Contribution Agreement to provide for the payment by the State Issuer of the principal of and interest and other related costs on the State Obligations. However, the Special Tax Revenues are not irrevocably pledged, and the obligation to pay the obligations of the City under the Contribution Agreement from the Special Tax Revenues is subject to annual appropriation by the City.

SECTION 9. AND BE IT FURTHER ORDAINED, That:

(a) Each of the following documents shall be executed in the name of the City and on its behalf by the Mayor or Director of Finance, by manual signature and, if necessary, the corporate seal of the City or a facsimile of it shall be impressed or otherwise reproduced on the documents and attested by the Custodian or Alternate Custodian of the City Seal, by manual signature:

(1) the Contribution Agreement;

(2) the development agreement(s) to be entered into among the City, the State Issuer or any other governmental entity, if necessary, and the developer(s) of the Development District to provide for the construction by the developer(s) of the Project; and

(3) any other documents the Board of Finance considers necessary for the issuance, sale and delivery of the State Obligations and the Contribution Agreement.

(b) If any officer whose signature or countersignature appears on any document ceases to be an officer before the delivery of such document, the signature or countersignature shall nevertheless be valid and sufficient for all

purposes, as if the officer had remained in office until delivery.

(c) The Mayor, the Director of Finance, the Custodian of the City Seal and the Alternate Custodian of the City Seal, and other officials of the City are authorized and empowered to do all acts and things and execute all documents and certificates as the Board of Finance determines to be necessary to carry out the provisions of this Ordinance, subject to the limitations set forth in the Acts, the Tax Increment Ordinance, the Special Taxing District Ordinance, and this Ordinance.

SECTION 10. AND BE IT FURTHER ORDAINED, That the Board of Finance shall prescribe or approve by resolution any of the following as it deems appropriate to finance the Project:

- (a) the principal amount of the State Obligations to be issued;
- (b) the rate or rates of interest the State Obligations are to bear or the method for determining the same;
- (c) the manner in which and the terms upon which the State Obligations are to be sold;
- (d) the manner in which and the times and places that the interest on the State Obligations is to be paid;
- (e) the time or times that the State Obligations may be executed, issued and delivered;
- (f) the form and tenor of the State Obligations and the denominations in which the State Obligations may be issued;
- (g) the manner in which and the times and places that the principal of the State Obligations is to be paid, within the limitations set forth in the Acts;
- (h) provisions pursuant to which any or all of the State Obligations may be called for redemption prior to their stated maturity dates;
- (i) the terms and provisions of any Indenture, development agreement(s) and contribution agreement, including, without limitation, the Contribution Agreement to be executed by or on behalf of the City and any person in connection with the pledge of certain tax revenues;
- (j) provisions establishing sinking funds or debt service reserve funds for the State Obligations;
- (k) provision for municipal bond insurance or any other type of financial guaranty of the State Obligations;
- (l) provisions pledging other assets and revenues towards the payment of the principal of and interest on the State Obligations; and
- (m) any other provisions not inconsistent with the Charter (including the Acts), the Tax Increment Ordinance, the Special Taxing District Ordinance, this Ordinance and other applicable law as the Board of Finance determines to be necessary or desirable to finance the Project.

SECTION 11. AND BE IT FURTHER ORDAINED, That:

- (a) Before the State Obligations are issued, the Director of Finance shall record among the Land Records of the City, at the cost of the Special Taxing District, a declaration that:

- (1) encumbers all real property located in the Special Taxing District, except for property exempt by law or the Special Taxing District Ordinance; and
 - (2) designates that property as subject to the Special Taxing District.
- (b) The declaration shall terminate when the Director of Finance records a release stating that all State Obligations are fully repaid or have been defeased.

SECTION 12. AND BE IT FURTHER ORDAINED, That any approvals, authorizations, or activities provided in this Ordinance do not constitute and may not be deemed to constitute or imply that the City Council, the Mayor, or any department, office or agency of the City has given or will give, any approval, authorization or consent to any action or activity within or required for the development of the Districts, including any land use approval, requirements for the provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or legislative approval, authorization or consent.

SECTION 13. AND BE IT FURTHER ORDAINED, That the provisions of this Ordinance are severable. If any provision, sentence, clause, section or other part of this Ordinance is held or determined to be illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, that illegality, invalidity, unconstitutionality, or inapplicability does not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Ordinance or their application to other persons or circumstances. It is the intent of the City that this Ordinance would have been passed even if the illegal, invalid, unconstitutional, or inapplicable provision, sentence, clause, section, or other part had not been included in this Ordinance, and as if the person or circumstances to which this Ordinance or part are inapplicable had been specifically exempted.

SECTION 14. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the date it is enacted.

dlr08-0356~intro/15Jul08
Stateobpledge/Westport/nbr

dlr08-0356~intro/15Jul08
??10??
Stateobpledge/Westport/nbr