

FINAL

COUNTY COUNCIL OF ANNE ARUNDEL COUNTY, MARYLAND

Legislative Session 2017, Legislative Day No. 39

Bill No. 89-17

Introduced by Mr. Grasso, Chairman
(by request of the County Executive)

and by Mr. Smith

By the County Council, October 16, 2017

Introduced and first read on October 16, 2017
Public Hearing set for and held on November 6, 2017
Bill Expires January 19, 2018

By Order: JoAnne Gray, Administrative Officer

A BILL ENTITLED

1 AN ORDINANCE concerning: Payment in Lieu of Taxes – PPE Casino Resorts
2 Maryland, LLC, part of 7000 Arundel Mills Circle, Hanover, Maryland

3
4 FOR the purpose of approving an exemption from certain County real and personal
5 property taxes for certain property located in Hanover, Anne Arundel County;
6 authorizing the County Executive to enter into a certain agreement for payment of a
7 negotiated amount in lieu of County real and personal property taxes; requiring taxes
8 due in excess of the payment in lieu of taxes to be paid in accordance with applicable
9 law; and generally relating to an exemption from County real and personal property
10 taxes and a payment in lieu of taxes for an economic development project proposed
11 by PPE Casino Resorts Maryland, LLC.

12
13 WHEREAS, the County Council recognizes there is public benefit from economic
14 development projects locating in Anne Arundel County; and

15
16 WHEREAS, exemptions from County real and personal property taxes for certain
17 economic development projects that provide a public benefit are authorized by the
18 Tax-Property Article, § 7-520, of the State Code, provided that the County and the
19 property owner enter into an agreement for the payment of a negotiated amount in
20 lieu of the County real and personal property taxes; and

21
22 WHEREAS, on property subject to certain ground leases, PPE Casino Resorts
23 Maryland, LLC is proposing to develop an economic development project on part
24 of 7000 Arundel Mills Circle, Hanover, Maryland, consisting only of a hotel
25 containing approximately 310 rooms, a permanent 30,000 square foot
26 ballroom/conference center with a seating capacity of at least 4,000 persons, and

1 facilities and uses ancillary to the hotel and ballroom/conference center, including
2 a health club, a spa, food and beverage operations, entertainment, and other
3 operations consistent with Maryland Live!, as well as three nearby parking areas
4 containing approximately 1,900 spaces as shown on Exhibit B to the Agreement
5 between PPE Resorts Casino Maryland, LLC and Anne Arundel County,
6 Maryland (the "PILOT Agreement" attached to this Ordinance as Exhibit 1), also
7 leased or to be leased by PPE Casino Resorts Maryland, LLC (collectively, the
8 "Property") now, therefore,
9

10 SECTION 1. *Be it enacted by the County Council of Anne Arundel County,*
11 *Maryland,* That, in accordance with the Tax-Property Article, § 7-520, of the State Code,
12 there is an exemption from County real and personal property taxes for the Property in
13 accordance with the terms and conditions of the PILOT Agreement.
14

15 SECTION 2. *And be it further enacted,* That the County Executive is hereby
16 authorized to enter into the PILOT Agreement, a copy of which is appended to this
17 Ordinance as Exhibit 1 and incorporated by reference as if fully set forth in this
18 Ordinance.
19

20 SECTION 3. *And be it further enacted,* That the payment in lieu of taxes shall be
21 made in accordance with the PILOT Agreement, and any additional real and personal
22 property taxes due shall be paid in accordance with and subject to all applicable
23 provisions of law.
24

25 SECTION 4. *And be it further enacted,* That the exemption from real and personal
26 property taxes described in the PILOT Agreement and approved herein may not take
27 effect until the requirements of the PILOT Agreement and Tax-Property Article, § 7-520,
28 of the State Code, are met, and shall take effect in accordance with the terms of the
29 Agreement.
30

31 SECTION 5. *And be it further enacted,* That this Ordinance shall take effect 45 days
32 from the date it becomes law.

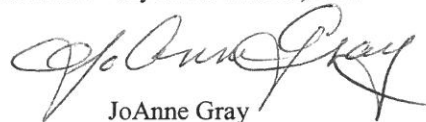
READ AND PASSED this 6th day of November, 2017

By Order:




JoAnne Gray
Administrative Officer

PRESENTED to the County Executive for his approval this 7th day of November, 2017




JoAnne Gray
Administrative Officer

APPROVED AND ENACTED this 9th day of November, 2017


Steven R. Schuh
County Executive

EFFECTIVE DATE: December 24, 2017

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF BILL NO.
89-17. THE ORIGINAL OF WHICH IS RETAINED IN THE FILES
OF THE COUNTY COUNCIL.


JoAnne Gray
Administrative Officer

**AGREEMENT BETWEEN
PPE RESORTS CASINO MARYLAND, LLC AND ANNE ARUNDEL
COUNTY, MARYLAND**

THIS AGREEMENT, is made this _____ day of _____, 2017, by and between **Anne Arundel County, Maryland**, a body corporate and politic (the “County”), and **PPE Casino Resorts Maryland, LLC**, a limited liability company (the “Owner”).

WHEREAS, the Owner proposes to develop a hotel containing approximately 310 rooms, a permanent 30,000 square foot ballroom/conference center with a seating capacity of at least 4,000 persons and ancillary uses, including a health club, a spa, food and beverage operations and entertainment and other operations that are consistent with Maryland Live!, located on property known as 7000 Arundel Mills Circle, Hanover, Maryland that it ground leases from Arundel Mills Limited Partnership, as depicted on **Exhibit “A”** hereto, and three parking areas, parking area 1 which it leases from Arundel Mills Limited Partnership (“Parking Area 1”), parking area 2 which it leases from Arundel Mills Residual Limited Partnership (“Parking Area 2”) and parking area 3 which it proposes to lease from Arundel Mills Residual Limited Partnership (“Parking Area 3”), (collectively, the “Conference Center”). The Conference Center, including Parking Area 1, Parking Area 2 and Parking Area 3, are depicted on **Exhibit “B”** hereto. Parking Area 1, Parking Area 2 and Parking Area 3, when completed, will contain approximately 1,900 parking spaces; and

WHEREAS, § 7-520 (a)(2) of the Tax-Property Article of the Annotated Code of Maryland, as amended, provides, that:

“economic development project” means a real estate development project in Anne Arundel County that consists of newly constructed or rehabilitated commercial property if the property has not been the subject of a condemnation or eminent domain proceeding undertaken for purposes related to the project; and

WHEREAS, § 7-520 (a)(3) of the Tax-Property Article of the Annotated Code of Maryland, as amended, provides, that:

“public benefit” means a unique and quantifiable service to be provided by the economic development project for the benefit of schools, public safety, or other local government services beyond that which would arise generally from a private business development project; and

WHEREAS, § 7-520 (b) of the Tax-Property Article of the Annotated Code of Maryland, as amended, provides, among other things, that an economic development project in the County may be exempt from County real or personal property tax if:

(1) the owner of the economic development project demonstrates to the satisfaction of the Anne Arundel County Executive and County Council of Anne Arundel County that the project is an economic development project that provides a public benefit; and

WHEREAS, the Owner, as a public benefit to schools, public safety, and other local government services, will make the Conference Center available free of charge to the County, the Board of Education of Anne Arundel County, and Anne Arundel Community College as outlined by the terms of this Agreement; and

WHEREAS, the Owner has demonstrated to the satisfaction of the Anne Arundel County, Maryland Executive and the County Council of Anne Arundel County, Maryland that the Conference Center constitutes an “economic development project”, as defined in § 7-520 (a)(2) of the Tax-Property Article of the Annotated Code of Maryland, as amended, that provides a “public benefit”, as that term is defined in § 7-520 (a)(3) of the Tax-Property Article of the Annotated Code of Maryland, as amended, and that an agreement for payments in lieu of taxes is appropriate; and

WHEREAS, pursuant to Anne Arundel County Council Bill No. __-17, adopted _____, 2017, the County Council of Anne Arundel County, Maryland, found that the Owner has demonstrated to the County Council of Anne Arundel County that the Conference Center constitutes an “economic development project”, as defined in § 7-520 (a)(2) of the Tax-Property Article of the Annotated Code of Maryland, as amended, that provides a “public benefit”, as that term is defined in § 7-520 (a)(3) of the Tax-Property Article of the Annotated Code of Maryland, as amended and approved the terms and conditions for payments in lieu of taxes for the Conference Center, and authorized the County Executive to enter into this Agreement.

NOW, THEREFOR, WITNESSETH: In consideration of the mutual covenants, terms, and agreements hereof and pursuant to the power and authority of § 7-520 of the Tax-Property Article of the Annotated Code of Maryland, it is agreed as follows:

1. The recitals are hereby incorporated into this Agreement. The County agrees that with respect to the Conference Center § 7-520 (b)(1) of the Tax-Property Article of the Annotated Code of Maryland, as amended, has been complied with and that this Agreement constitutes a payment in lieu of taxes agreement, approved by ordinance of the County Council of Anne Arundel County, Maryland that satisfies the provisions of § 7-520 (b)(2) of the Tax-Property Article of the Annotated Code of Maryland, as amended.

2. The Owner and the County agree that the Owner will make the Conference Center available free of charge to:

(a) the Board of Education of Anne Arundel County (the “Board”) for its high school graduations to be held during the two-week period between May 15 and June 30 of each year of the Term of this Agreement as such specific graduation dates are promulgated by the Board. High school graduations are to be held only (i) Monday through Thursday during this period with the last graduation to commence no later than 6 p.m. local time, or (ii) Friday during this period, with the last graduation to end no later than 3 p.m. local time. Each high school graduation will be scheduled to allot a reasonable amount of time, but, in any event, no less than one (1) hour, for clearance of the attendees of any prior high school graduation before the contemplated arrival of attendees of the subsequent high school graduation.

(b) the Anne Arundel Community College for its annual graduation(s) (and practice session(s) if requested) to be held between May 15 and May 31 of each year of the Term of this Agreement, on such date promulgated by the Arundel Community College. College graduations are to be held only on a Monday, Tuesday, Wednesday or Thursday during this period. There shall be no more than two college graduations in any year, which college graduation(s) shall commence no later than 6 pm (with a pre-event for a small group of dignitaries that commences no later than 4 pm.). Any college graduation that occurs on the same day as a high school graduation will be coordinated to allot a reasonable amount of time, but, in any event, no less than one (1) hour, for clearance of the attendees of any prior graduation before the contemplated arrival of attendees of the subsequent graduation.

3. At the discretion of the Owner, taking into account the size of the meeting or program, the day, time and time of year of the meeting or program, the Owner will make the Conference Center available free of charge to:

(a) the County, its departments and agencies and the Anne Arundel County Board of Education (collectively, "County Groups") for morning and afternoon weekday meetings and programs on a space available basis provided the Conference Center is not being utilized.

(b) the County Groups for weekday evening meetings and programs on a space available basis provided the Conference Center is not being utilized.

(c) Anne Arundel County-based non-profit organizations and civic groups for weekday meetings and events on a space available basis provided the Conference Center is not being utilized.

4. In connection with the uses of the Conference Center provided for in Sections 2 and 3 hereof, the Owner will be responsible for the costs of normal set-up, break-down and ancillary support. The use of the Conference Center pursuant to Sections 2 and 3 hereof shall, in all instances, be subject to compliance with all applicable laws and regulations and all agreements and rules of Owner and its landlord, such as rules, regulations and agreements concerning insurance, indemnification, repair of damage, underage alcohol consumption, parking, and subject to the other provisions of this Sections 2 and 3, scheduling. Owner may condition the use of the Conference Center by any person or entity upon the execution and delivery to the Owner by such person or entity of an agreement, prepared by Owner that is consistent with the terms of this Agreement that obligates such person or entity to comply with such rules, regulations and agreements, including providing the required insurance and indemnifications.

5. Beginning on July 1, 2018 and for the Term (as defined in Section 6 hereof), the Conference Center shall be exempt from ordinary County real property taxes except for those taxes the Owner must pay on the incremental value of the property between 1996 and 2014 for the Arundel Mills TIF, if any and shall be exempt from ordinary County personal property taxes. The payments to be made hereunder by the Owner to the County with respect to the Conference Center shall be in lieu of all ordinary County taxes on real property improvements and personal

property under the Tax-Property Article of the Annotated Code of Maryland. Notwithstanding the above or anything to the contrary contained in this Agreement, this Agreement shall not apply to Parking Area 3 and Parking Area 3 shall not be deemed a part of the Conference Center until such time as Parking Area 3 has been leased to the Owner.

6. This Agreement shall be in effect and have a term (the "Term") that begins on July 1, 2018 and continue through *Fiscal Year 2048, ending June 30, 2048*.

7. For *Fiscal Year 2019 through Fiscal Year 2048*, the annual payment in lieu of taxes (both real property taxes and personal property taxes) shall be *One Dollar (\$1)*.

8. For *Fiscal Year 2019 through Fiscal Year 2048*, the annual Fiscal Year value accruing to the Owner from this Agreement (the "Value") shall be equal to the actual amount of the County real property and personal property taxes attributable to the real and personal property assessment as determined by the Maryland State Department of Assessments and Taxation ("SDAT") on the Conference Center minus One Dollar (\$1), but in no event shall it exceed *One Million Two Hundred Thousand Dollars (\$1,200,000)*. Any annual sum of real and personal property tax in excess of *One Million Two Hundred Thousand Dollars (\$1,200,000)* shall be paid in full by the Owner in accordance with law.

9. No property of the Owner other than the Conference Center (and the land that it sits upon) may be used in determining the Value, including the original casino facility adjacent to the Conference Center and any land associated with such original casino facility.

10. By July 30th of each year, the County shall bill the Owner for the payment which is due by September 30th of that year, as set forth in this Agreement.

11. Payments due hereunder will be considered delinquent after the due date of the bill sent to the Owner (which due date shall be no earlier than ninety (90) days after the date such bill is received by the Owner). Overdue payments shall accrue interest at the rate of one-half of one percent (0.5%) per month, or fraction of a month from the time that the payment becomes overdue until paid.

12. If the Owner is in default for one hundred eighty (180) days for any payments required under the provisions Sections 10 and/or 11 of this Agreement, the County may, at its option, declare a default by providing written notice of the default to the Owner and to the holders of all mortgages or deeds of trust that encumber the Conference Center. If within thirty (30) days of such notice, the payments have not been brought current, then the County may, initiate suit to collect such amounts and if it prevails, reasonable attorney fees and court costs. Notwithstanding anything to the contrary which is or might be contained in this Agreement, payments due under this Paragraph shall be considered a first lien against the Conference Center and superior to any other liens placed upon the Conference Center.

13. All notices and other communications required under this Agreement shall be hand delivered or delivered by commercial courier with receipt or mailed, by registered or certified mail, postage prepaid and return receipt requested, to the parties at the following addresses:

TO THE COUNTY: Office of Finance
Attn: Controller
Anne Arundel County, Maryland
44 Calvert Street
Annapolis, Maryland 21401

With a copy to: Anne Arundel County
Office of Law
2660 Riva Road, 4th Floor
Annapolis, Maryland 21401

TO THE OWNER: PPE Resorts Casino Maryland, LLC
The Power Plant
601 East Pratt Street, 6th Floor
Baltimore, Maryland 21202
Attn: Managing Member

With a copy to: PPE Casino Resorts Maryland LLC
The Power Plant
601 East Pratt Street, 6th Floor
Baltimore, Maryland 21202
Attn: General Counsel

Each notice that is sent by one party to the other party at the listed address shall be presumed to have been received three (3) days after the date of mailing; except when prior written notice is given by one party to the other that a party or an address has changed. Notwithstanding any provision to the contrary contained in this Agreement, any person or party not listed in this paragraph shall not be entitled to notice as may be required by this Agreement, unless one party notifies the other party that additional notice shall also be sent to such person or party.

14. This Agreement shall be construed under and governed by the laws of Maryland without regard to those principles governing conflicts or choice of laws.

15. This Agreement may be executed in separate counterparts. It shall be deemed fully executed when each party to the Agreement has signed at least one counterpart, even though no single counterpart contains the signature of all the parties.

16. All amendments to this Agreement shall be in writing and signed by the parties hereto.

17. Failure of any party to require performance by another of any of the terms of this Agreement shall not affect the party's right to enforce such term. Waiver of any term hereof

shall be limited to the circumstances of such waiver and shall not constitute waiver of any other term or breach hereof, or a waiver of such term in other circumstances.

18. This Agreement constitutes the entire understanding and agreement of the parties as to the subject matter hereof. All previous agreements, understandings, promises, and representations, whether written or oral, relating to this transaction, are superseded by this Agreement. The parties agree that that certain Agreement, dated September 17, 2015, among the County, the Owner and PPECRM Hotel Investors, LLC has terminated and is no longer in effect.

19. If any provision of this Agreement or the application thereof to any entity or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to any other entity or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

20. Each party hereof covenants to the other that it is duly organized, validly existing, and in good standing under the laws of the State of Maryland and is duly authorized to transact the business it presently conducts and to do all the things contemplated by this Agreement. Each party further covenants to the other that it has the full and unrestricted authority and power to enter into and deliver this Agreement and to perform and consummate the transactions contemplated hereby, and this Agreement, and all other agreements, documents, and instruments contemplated hereby when duly executed and delivered, will each constitute a valid and binding agreement of the covenanting party, enforceable in accordance with its terms. Each individual signing this Agreement on behalf of a legal entity represents that such individual is an authorized representative of such legal entity.

21. Subject to the next sentence, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties, including any successors to the interests of the Owner in the Conference Center. The County may not assign this Agreement or any obligation arising hereunder without obtaining the prior consent of the Owner. This Agreement may be assigned by Owner to any person or entity that acquires Owner's interest in the Conference Center, provided that such person or entity assumes this Agreement. In addition, this Agreement may be assigned by Owner to a holder of a mortgage or deed of trust that encumbers the Conference Center. In the event of a foreclosure or transfer under said mortgage or deed of trust, the lender benefiting from such mortgage or deed of trust (or the person or entity that takes title to the Conference Center as a result of such a transfer or foreclosure) shall have the right, exercised by giving notice to the County, to either terminate this Agreement or to assume this Agreement and be subject to the terms and conditions of this Agreement from and after the date of such assumption. At the request of the Owner, the County, the Owner and such lender shall enter into a lender's rights agreement, in form reasonably acceptable to the Owner, the County and such lender, concerning this Agreement and such pledge and/or assignment.

22. This Agreement shall be governed by Maryland law and any actions between the parties hereto shall be brought in and vest jurisdiction and venue solely in the Circuit Court for Anne Arundel County.

SIGNATURES ON NEXT PAGE

IN WITNESS WHEREOF, the County has caused this Agreement to be signed in its name and to have the County Seal affixed hereto; and the Owner has caused this Agreement to be signed in its name by its Managing Member, duly attested to by its Secretary.

WITNESS/ATTEST:

PPE CASINO RESORTS MARYLAND, LLC

By: Maryland Live Holdings, LLC, its sole member,

By: PPE Casino Resorts Maryland Developer, LLC, its sole member

By: _____ (Seal)
Joseph S. Weinberg, Managing Member

ATTEST:

ANNE ARUNDEL COUNTY, MARYLAND

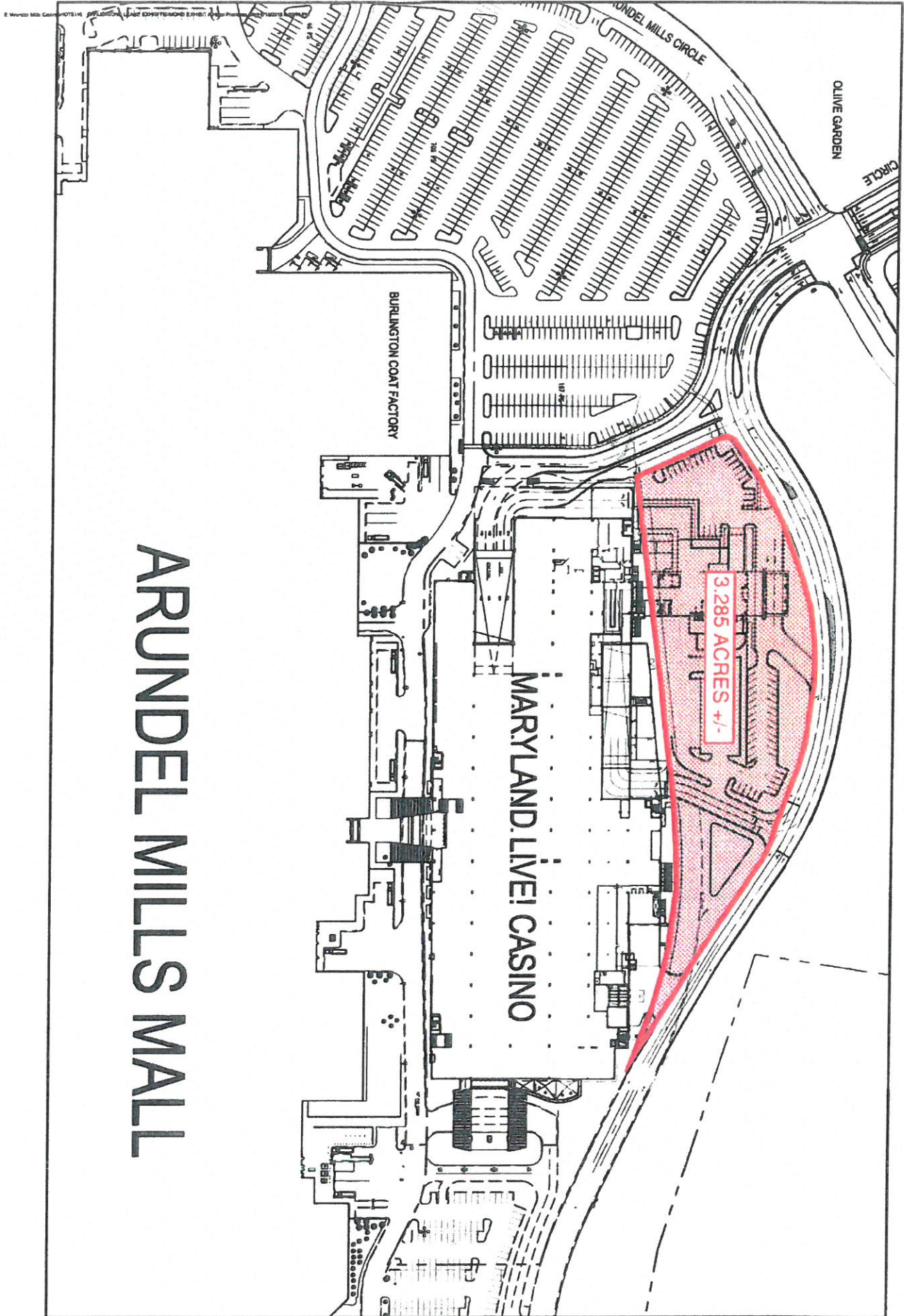
_____ (Seal)
Mark D. Hartzell
Chief Administrative Officer

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Nancy McCutchan Duden Date
County Attorney

CERTIFICATION OF AVAILABILITY OF FUNDS:

Karin McQuade Date
Controller



ARUNDEL MILLS MALL

BURLINGTON COAT FACTORY

MARYLAND LIVE! CASINO

ARUNDEL MILLS CIRCLE

OLIVE GARDEN CIRCLE

3.285 ACRES +/-

