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Chairman Vincent C. Gray
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Vincent C. Gray, at the request of the Mayor, introduced the following bill, which was referred to the Committee on _____.

To amend the Washington Convention Center Authority Act of 1994 to provide for the public funding of the new convention center hotel which will be owned by the Washington Convention Center Authority; to establish the Washington Convention Center Authority Hotel Fund; to authorize the disposition of certain real property in Square 370 by the Mayor to the Washington Convention Center Authority; to authorize the Washington Convention Center Authority to negotiate and enter into certain agreements relating to the design, construction, and management of the new convention center hotel; to authorize an underground airspace lease; to amend the New Convention Center Hotel Omnibus Financing and Development Act of 2006 to provide the available tax increment derived from the New Convention Center Hotel TIF Area to the Washington Convention Center Authority to support the bonds issued in connection with the new convention center hotel; and to repeal certain exemptions in Chapter 46 of Title 47 of the District of Columbia Official Code.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “New Convention Center Hotel Amendments Act of 2009”.

Sec. 2. (a) The Washington Convention Center Authority Act of 1994, effective September 28, 1994 (D.C. Law 10-188; D.C. Official Code § 10-1201.01 *et seq.*), is amended as follows:

1 (1) Section 201(3) (D.C. Official Code § 10-1202.01(3)) is amended to read as
2 follows:

3 “(3) “Costs” means any and all expenses, fees, and costs including expenses, fees, and
4 costs for preconstruction and construction, development, acquisition, alteration, enlargement of,
5 furnishing, fixturing, and equipping, reconstruction, and rehabilitation of the new convention
6 center and the new convention center hotel, including the purchase or lease expense for all lands,
7 structures, real or personal property, rights, rights-of-way, roads, franchises, easements, and
8 interest acquired or used for, or in connection with, the new convention center project or the new
9 convention center hotel, the cost of demolishing or removing buildings or structures on land so
10 acquired, including the expenses incurred for acquiring any lands to which the buildings may be
11 moved or located, the expenses incurred for all utility lines, structures, or equipment charges,
12 interest prior to, during, and for a period as the Authority may reasonably determine to be
13 necessary for the placing of the new convention center or the new convention center hotel in
14 operation, provisions for reserves for principal and interest for extensions, enlargements,
15 additions, and improvements, expenses incurred for architectural engineering, energy efficiency
16 technology, design and consulting, financial and legal services, fees for letters of credit, bond
17 insurance, debt service or debt service reserve insurance, surety bonds or similar credit
18 enhancement instruments, plans, specification studies, surveys, estimates of expenses and of
19 revenues, expenses necessary or incident to determining the feasibility of constructing the new
20 convention center or the new convention center hotel, the financing of any such construction,
21 development, and acquisition of any such project in operation including, without limitation, a
22 proper allowance for contingencies and the provision of reasonable initial working capital for
23 operating the new convention center or the new convention center hotel.”

1 (2) Section 202 (D.C. Official Code § 10-1202.02) is amended as follows:

2 (A) Subsection (b) is amended to read as follows:

3 “(b) Notwithstanding any other provisions of this act, the general purpose of the
4 Authority is to acquire, construct, equip, maintain, and operate the new convention center, in
5 whole or in part, directly or under contract, and engage in other activities, including the
6 construction, operation, and maintenance of the new convention center hotel, directly or through
7 a wholly-owned or controlled subsidiary of the Authority or under contract, as it deems
8 appropriate to promote trade shows and conventions, or other events, related to activities of the
9 new convention center, and to maintain and operate the existing convention center until such
10 time as the new convention center is completed and opened for operation.”

11 (C) A new subsection (c-1) is added as follows:

12 “(c-1) To enable the new convention center to be more competitive in the convention
13 market, attract increased convention business to Washington, D.C., and enhance the financial
14 viability of the new convention center, the Authority shall create an energy-efficient hotel on
15 certain real property in square 370, which is located across 9th Street from the new convention
16 center. The new convention center hotel shall have approximately 1,100 rooms and suites,
17 approximately 100,000 square feet of ballroom and meeting space, and other ancillary facilities,
18 including retail, customarily found in similar convention center hotels.”

19 (3) Section 203 (D.C. Official Code § 10-1202.03) is amended as follows:

20 (A) Paragraph 13 is amended by striking the word “and” at the end.

21 (B) Paragraph 14 is amended by striking the period at the end and
22 inserting the phrase “; and” in its place.

23 (C) A new paragraph 15 is added as follows:

1 “(15) To establish one or more wholly-owned or controlled subsidiaries to construct,
2 own, and operate the new convention center hotel.”

3 (4) Section 204(a-1) (D.C. Official Code § 10-1202.04(a-1)) is amended as
4 follows:

5 (A) Paragraph (1)(B) is amended as follows:

6 (i) Strike the word “certain” and insert the phrase “or reimburse”
7 in its place.

8 (ii) Strike the phrase “development of the”.

9 (B) Paragraph (2)(A) is amended to read as follows:

10 “(A) The available tax increment provided for in title II of this act;”

11 (5) Section 206 (D.C. Official Code § 10-1202.06) is amended by adding a new
12 subsection (j) to read as follows:

13 “(j) Develop such policies and adopt such rules and regulations as the Board determines
14 to be appropriate for the management, maintenance, and operation of the new convention center
15 hotel and any related facilities.”

16 (6) A new section 208b is added to read as follows:

17 “Section 208b. Washington Convention Center Authority Hotel Fund; transfer and pledge
18 of revenues.

19 “(a) There is established the Washington Convention Center Authority Hotel Revenue
20 Fund ("Hotel Fund") to be maintained by the Authority.

21 “(b) Notwithstanding any other provision of law, revenues collected by the Authority
22 from the operation of the new convention center hotel and the monies in the Hotel Fund shall not
23 be a part of, nor lapse into, the General Fund of the District.

1 “(c) Any and all revenues collected by the Authority from the operation of the new
2 convention center hotel shall be transferred upon receipt to the Hotel Fund for the payment of the
3 costs of the new convention center hotel, expenses necessary for debt service, reserve funds,
4 repair, maintenance, marketing, and all other expenses of operating and managing the new
5 convention center hotel.

6 “(d) Any pledge by the Authority of any revenues on deposit in the Hotel Fund shall be
7 effective, valid, and binding from the time the pledge is made. The pledged revenues, once
8 deposited in the Hotel Fund, immediately shall be subject to the lien of the pledge, whether or
9 not there has been any physical delivery. The lien of any pledge shall be valid and binding
10 against all parties having claims of any kind in tort, contract, or otherwise against any person
11 receiving the distribution of such revenues, whether or not the parties have notice of the pledge.
12 The bond resolution of the Authority by which the pledge of revenues from the operation of the
13 new convention center hotel is created is not required to be filed or recorded.

14 “(e) The District pledges to and agrees with the Authority and any holders of the bonds,
15 notes, or other obligations issued by the Authority and secured by the Hotel Fund that the
16 District shall not limit, restrict, or in any way impair the collection, transfer, deposit, or
17 disbursement of revenues in the Hotel Fund until the principal of, premium if any, and interest on
18 the Authority debt secured thereby has been paid and discharged.”

19 (7) Section 210 (D.C. Official Code § 10-1202.10) is amended as follows:

20 (A) Subsection (a) is amended by inserting the phrase “or the new
21 convention center hotel” after the phrase “to finance the new convention center”.

22 (B) Subsection (b) is amended as follows:

23 (i) Insert the phrase “, as applicable,” after the word “including”.

1 (ii) Insert the phrase “operations of the new convention center
2 hotel,” after the phrase “new convention center.”

3 (8) Section 211(*l*) (D.C. Official Code § 10-1202.11(*l*)) is amended by inserting
4 the phrase “and its wholly-owned or controlled subsidiaries, if any,” after the word “Authority”.

5 (9) Section 213 (D.C. Official Code § 10-1202.13) is amended as follows:

6 (A) Subsection (a) is amended by inserting the phrase “, other than those
7 in the Hotel Fund and any reserves held in connection with the new convention center hotel,”
8 before the word “exceeds”.

9 (B) Subsection (b) is amended by striking the phrase “for the purposes of
10 this section” and inserting the phrase “for the purposes of subsection (a) of this section” in its
11 place.

12 (10) Section 218 (D.C. Official Code § 10-1202.18) is amended as follows:

13 (A) Subsection (h-1) is amended as follows:

14 (i) Strike the phrase “Walter E. Washington Convention Center
15 Headquarters Hotel (“Headquarters Hotel”)” and inserting the phrase “new convention center
16 hotel” in its place.

17 (ii) Strike the phrase “Headquarters Hotel” and insert the phrase
18 “new convention center hotel” in its place.

19 (B) Subsection (i) is amended by striking the phrase “Headquarters
20 Hotel” and inserting the phrase “new convention center hotel” in its place.

21 (11) Section 701 (D.C. Official Code § 10-1202.21) is repealed.

22 (12) Section 702 (D.C. Official Code § 10-1202.22) is amended to read as
23 follows:

1 “Section 702. Disposition authority of the Mayor.

2 “Notwithstanding any other provision of law, the Mayor is authorized to transfer to the
3 Authority, or a wholly-owned or controlled subsidiary of the Authority, at no cost, title to the
4 real property described as Lots 18, 21, 801 through 806, 830 through 839, 843, and 845 in
5 Square 370, including all public alleys which may be closed within these lots.”

6 (13) Section 703 (D.C. Official Code § 10-1202.23) is amended to read as
7 follows:

8 “Section 703. Authorization for the Authority to negotiate and execute certain
9 agreements.

10 “Notwithstanding any other provision of law, including section 105a of the District of
11 Columbia Procurement Practices Act of 1985, effective March 8, 1991 (D.C. Law 8-257; D.C.
12 Official Code § 2-301.05a), the Authority is authorized to:

13 “(1) Negotiate and execute a development agreement with Quadrangle Development
14 Corporation, or its designee, for the development, construction, and equipping of the new
15 convention center hotel, which may provide for, either directly or in one or more ancillary
16 documents, the assignment of all rights and title in and to the plans and specifications prepared to
17 date for the new convention center hotel, the assignment of the guaranteed maximum price
18 contract that Quadrangle Development Corporation has negotiated for the construction of the
19 new convention center hotel and other ancillary agreements relating to the new convention center
20 hotel;

21 “(2) Engage and contract with the design team that prepared the plans and specifications
22 for the new convention center hotel for Quadrangle Development Corporation so that work can

1 continue on the preparation of final construction drawings and specifications and for other
2 related purposes; and

3 “(3) Enter into a qualified management agreement with Marriott Hotel Services, Inc., or
4 its designee, to manage and operate the new convention center hotel.”

5 (14) Section 703a (D.C. Official Code § 10-1202.23a) is repealed.

6 (15) Section 703b (D.C. Official Code § 10-1202.23b) is repealed.

7 (16) Section 704 (D.C. Official Code § 10-1202.24) is amended as follows:

8 (A) Strike the phrase “Marriott International, Inc., or its designee” and
9 insert the phrase “the Authority” in its place.

10 (B) Strike the phrase “real property subject to the leases authorized by
11 sections 702 and 703,” and insert the phrase “new convention center or new convention center
12 hotel” in its place.

13 (b) The New Convention Center Hotel Omnibus Financing and Development Act of
14 2006, effective September 19, 2006 (D.C. Law 16-163; D.C. Official Code § 10-1221.01 *et seq.*),
15 is amended as follows:

16 (1) Section 101 (D.C. Official Code § 10-1221.01) is amended as follows:

17 (A) Paragraph (3) is repealed.

18 (B) Paragraph (5) is amended to read as follows:

19 “(5) “Available Tax Increment” means the Available Sales Tax Revenues generated in or
20 by the New Convention Center Hotel TIF Area in any fiscal year of the District, less the
21 Available Sales Tax Revenues generated in or by the New Convention Center Hotel TIF Area in
22 the base year.”

23 (C) Paragraph (6) is repealed.

1 (D) Paragraph (7) is repealed.

2 (E) Paragraph (10) is repealed.

3 (F) Paragraph (12) is repealed.

4 (G) Paragraph (13) is repealed.

5 (2) Section 102(4) (D.C. Official Code § 10-1221.02(4)) is amended to read as
6 follows:

7 “(4) The Authority has been authorized to develop, construct, equip, ownm and operate
8 the New Convention Center Hotel and issue bonds to undertake the project. The use of the
9 available tax increment to support the Authority’s bonds relating to the New Convention Center
10 Hotel is desirable, in the public interest, and will support economic development.”

11 (3) Section 103 (D.C. Official Code § 10-1221.03) is amended to read as follows:

12 “Section 103. Creation of the New Convention Center Hotel TIF Fund.

13 “(a) There is hereby established a special nonlapsing fund to be maintained by the
14 Authority and designated as the New Convention Center Hotel TIF Fund. For so long as the
15 Authority has bonds outstanding relating to the New Convention Center Hotel, the Chief
16 Financial Officer shall transfer the Available Tax Increment upon receipt to the New Convention
17 Center Hotel TIF Fund.

18 “(b) Notwithstanding any other provision of law, the monies in the New Convention
19 Center Hotel TIF Fund shall not be a part of, nor lapse into, the General Fund of the District,

20 “(c) Monies in the New Convention Center Hotel TIF Fund may be used by the
21 Authority to:

22 “(1) Secure the repayment of any bonds issued by the Authority relating to the
23 New Convention Center Hotel;

1 “(2) Fund any reserves that are established by the Authority in connection with
2 the New Convention Center Hotel; and

3 “(3) Finance, refinance, or reimburse the Authority or the District for costs of the
4 project, including the D.C. Citizens’ Job Program established pursuant to section 105.

5 “(d) Any pledge by the Authority of any revenues on deposit in the New Convention
6 Center Hotel TIF Fund shall be effective, valid, and binding from the time the pledge is made.
7 The Available Tax Increment, once deposited in the New Convention Center Hotel TIF Fund,
8 immediately shall be subject to the lien of the pledge, whether or not there has been any physical
9 delivery. The lien of any pledge shall be valid and binding against all parties having claims of
10 any kind in tort, contract, or otherwise against any person receiving the distribution of such
11 revenues, whether or not the parties have notice of the pledge. A bond resolution of the
12 Authority by which the pledge of the New Convention Center Hotel TIF Fund is created is not
13 required to be filed or recorded.

14 “(e) The District pledges to and agrees with the Authority and any holders of the bonds,
15 notes, or other obligations issued by the Authority and secured by the New Convention Center
16 Hotel TIF Fund that the District shall not limit, restrict, or in any way impair the collection,
17 transfer, deposit, or disbursement of revenues in the New Convention Center Hotel TIF Fund
18 until the principal of, premium if any, and interest on the Authority debt secured thereby has
19 been paid and discharged.

20 “(f) If, at the end of any fiscal year of the District, the balance of cash and investments in
21 the New Convention Center Hotel TIF Fund exceeds the amounts required under subsection (c)
22 of this section, the Authority shall use such excess either to redeem bonds issued by the

1 Authority relating to the New Convention Center Hotel prior to maturity, either in whole or in
2 part, or the excess shall be transferred to the General Fund of the District of Columbia.”

3 (4) Section 104(b) (D.C. Official Code § 10-1221.04(b)) is amended to read as
4 follows:

5 “(b) The base year for determination of Available Sales Tax Revenues from the New
6 Convention Center Hotel TIF Area shall be the tax year preceding the year when this act
7 becomes effective.”

8 (5) Section 105 (D.C. Official Code § 10-1221.05) is amended to read as follows:

9 “Section 105. D.C. Citizens’ Job Program.

10 “(a) From the amounts transferred to the New Convention Center Hotel TIF Fund, the
11 Authority shall use the total aggregate amount of \$2 million for the D.C. Citizens’ Job Program;
12 provided, that:

13 “(1) The program shall begin no later than 2 years before the completion of the
14 construction of the New Convention Center Hotel.

15 “(2) The program shall train and hire citizens of the District for permanent
16 employment positions in the New Convention Center Hotel.

17 “(3) The development, administration, and oversight of the program shall be the
18 responsibility of the Authority.

19 “(4) The Authority shall ensure that any operator engaged to operate the New
20 Convention Center Hotel; representatives of organized labor; ONE DC (formerly known as
21 Manna CDC), a community development corporation organized in the District; and other
22 community organizations which have demonstrated experience in providing effective job
23 training and placement in hospitality industry jobs participate in the development of the program.

1 “(5) The program shall be designed to provide job-specific training which meets
2 the specifications of positions to be filled at the New Convention Center Hotel and shall provide
3 that District citizens who successfully complete the training be given first consideration for the
4 jobs for which they have been trained.”

5 (6) Section 106 (D.C. Official Code § 10-1221.06) is repealed.

6 (7) Section 107 (D.C. Official Code § 10-1221.07) is repealed.

7 (8) Section 108 (D.C. Official Code § 10-1221.08) is repealed.

8 (9) Section 109 (D.C. Official Code § 10-1221.09) is amended to read as follows:

9 “Section 109. Exemption.

10 “The District of Columbia Procurement Practices Act of 1985, effective February 21,
11 1986 (D.C. Law 6-85; D.C. Official Code § 2-301.01 *et seq.*), and the Financial Institutions
12 Deposit and Investment Amendment Act of 1997, effective March 18, 1998 (D.C. Law 12-56;
13 D.C. Official Code § 47-351.01 *et seq.*) shall not apply to any contract the Mayor may from time
14 to time enter into in connection with the Project.”

15 (10) Section 110 (D.C. Official Code § 10-1221.10) is repealed.

16 (11) Section 111 (D.C. Official Code § 10-1221.11) is repealed.

17 (12) Section 112 (D.C. Official Code § 10-1221.12) is repealed.

18 (13) Section 113 (D.C. Official Code § 10-1221.13) is repealed.

19 (c) Section 47-4609 of the D.C. Official Code is repealed.

20 Sec. 3. Pursuant to section 451 of the District of Columbia Home Rule Act, approved
21 December 24, 1973 (87 Stat. 803; D.C. Official Code § 1-204.51), and notwithstanding section
22 105a of the District of Columbia Procurement Practices Act of 1985, effective March 8, 1991
23 (D.C. Law 8-257; D.C. Official Code § 2-301.05a), the Council approves the Hotel Development

1 and Funding Agreement by and among the District of Columbia, Washington Convention Center
2 Authority, and HQ Hotel, LLC, in an amount not to exceed \$187 million, the amount previously
3 approved by the Council pursuant to the New Convention Center Hotel Omnibus Financing and
4 Development Act of 2006, effective September 19, 2006 (D.C. Law 16-163; 53 DCR 5430), and
5 the Pedestrian Connector Agreement by and between the Washington Convention Center
6 Authority and HQ Hotel, LLC, as both a multiyear contract and a contract involving
7 expenditures in excess of \$1 million during a 12-month period.

8 Sec. 4. Fiscal impact statement.

9 The Council adopts the fiscal impact statement in the committee report as the fiscal
10 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
11 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206(c)(3)).

12 Sec. 5. Effective date.

13 This act shall take effect following approval by the Mayor (or in the event of veto by the
14 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
15 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
16 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
17 Columbia Register.