

Resolution No.:	<u>18-1271</u>
Introduced:	<u>October 23, 2018</u>
Adopted:	<u>October 30, 2018</u>

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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Lead Sponsor: Council President at the Request of the County Executive

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**SUBJECT:** Maryland Economic Development Assistance Authority and Fund Loan to assist Host Hotels & Resorts, Inc.'s and Host Hotels & Resorts, L.P.'s retention in Montgomery County (\$600,000)

**Background**

1. The County Executive endorses a conditional loan of \$600,000 to Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. ("Host Hotels") from the State of Maryland under the Maryland Economic Development Assistance Authority and Fund ("MEDAAF"), which is codified as Md. Code Ann., Econ. Dev. §§5-301-5-349.
2. MEDAAF provides conditional grants and loans to businesses engaged in eligible industries locating to, or expanding in, a "priority funding area" in the State of Maryland. Proceeds from the grant or loan may be used by the borrower to reimburse it for the acquisition or construction of buildings or real estate, and acquisition, construction and installation of machinery, equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements.
3. The County approved a conditional grant of \$300,000 from the County's Economic Development Fund ("EDF") to assist Host Hotels relocation and retention in the County (the "County Match") on June 20, 2017. This grant will be funded from the current EDF fund balance. Through this grant Montgomery County has met the requirement of financing a part of the costs of the project which is equal to at least 10% of the financial assistance to be provided from MEDAAF as required by the Section 5-319(d) of the Economic Development Article, Annotated Code of Maryland.
4. The State will disburse the MEDAAF loan to Host Hotels upon the State entering a MEDAAF Agreement with the company. The County is not a party to this MEDAAF Agreement with Host Hotels.
5. Host Hotels was formed in 1993 when the Marriott split into two separate entities, creating Marriott International and Host Marriott. The latter was renamed Host Hotels & Resorts in 2005, to reflect a growing number of non-Marriott hotels in their portfolio. The company operates as a real estate investment trust. The publicly-traded company is headquartered in Montgomery County, where 194 of its 211 employees are based. Fifty-one percent of its current employee base - 99 employees - reside in the County. The average salary is \$175,000 per annum.

6. Host Hotels is seeking to relocate its headquarters from its current corporate campus location at 6903 Rockledge Drive to a more urban location, anticipating that greater proximity to amenities and transportation options will enable the company to attract the professional workforce it requires for its continued success. The company plans to occupy 55,000 sq. ft. in a new mixed used office/retail project currently under construction at 4747 Bethesda Avenue, Bethesda. The company estimates \$30.1 million in CAPEX with \$21 million as a pro rata portion of the base building, \$6.9 million in leasehold improvements and \$2.2 million in FF&E.
7. Section 5-319(d) of the Economic Development Article requires the governing body of the jurisdiction in which the project is located to endorse, by a formal resolution, the State's grant of the MEDAAF loan for the project.
8. The County has determined that granting the MEDAAF loan for the project is in the best interest of the citizens of the County.
9. The County Executive requests that the Council adopt this formal resolution approving the MEDAAF loan for the project.

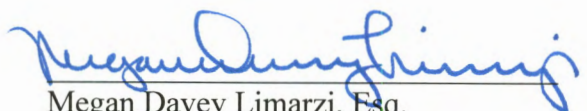
### Action

The County Council for Montgomery County, Maryland approves the following resolution:

The County Council hereby endorses the granting of the State's grant of \$600,000 MEDAAF loan to support Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. retention in Montgomery County.

This Resolution is effective upon its adoption in accordance with applicable law.

This is a correct copy of Council action.



Megan Davey Limarzi, Esq.  
Clerk of the Council