



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

|  |                               |                           |
|--|-------------------------------|---------------------------|
| Declaration of No Further Need<br>Related to New Sub-Lease on a Portion of the<br>Conference Center Parcel, 5701 Marinelli Road,<br>North Bethesda | Executive Order No.<br>015-15 | Subject Suffix            |
| Department of Economic Development   | Department No.                | Effective Date<br>1/26/15 |

## BACKGROUND

WHEREAS, Montgomery County identified the need for an executive level conference center, and subsequently spearheaded the development of the Bethesda North Marriott Hotel and Conference Center through a successful public-private partnership.

WHEREAS, in 1999, the Montgomery County Revenue Authority (MCRA) issued debt for the purchase of an 11.92 acre parcel at 5701 Marinelli Road in North Bethesda for the purpose of housing this facility, and later entered into a master lease with Montgomery County for 100% of the conference center parcel.

WHEREAS, Montgomery County subleases approximately 40% of the conference center parcel (the Hotel Tract) to North Bethesda Hotel, LLC (the Subtenant). The Hotel Tract is improved with a 450 room Marriott Hotel and an approximately 3.1 acre surface parking lot.

WHEREAS, the existing sublease is a 99 year sublease that contains a covenant restricting the use of the Hotel Tract exclusively to a first-class hotel.

WHEREAS, the County and the Subtenant have identified an opportunity to lift the exclusive hotel use restriction and allow for the Hotel Tract's existing surface parking lot (the East Parcel) to be developed as a mixed-use development consistent with the goals of the White Flint Sector Plan and provide an opportunity for the County to receive additional rental income through the execution of a new sublease for the East Parcel.

WHEREAS, in light of the existing 99-year sublease, the East Parcel is under private control and is not available for disposition to any other County agency or outside party.

WHEREAS, the County Executive has determined that the best vehicle to retain the existing relationship between the conference center and the hotel (and the covenants and easements that govern the operations of this jointly-managed complex) and to provide for new development opportunities on the under-utilized subleased portion of the land, is to:

- 1) amend the boundaries and definition of the "Land" in the current sublease to include only that land associated with the hotel operations; and
- 2) execute a new sublease for the East Parcel that will allow for mixed-use development on the East Parcel consistent with the White Flint Sector Plan. The County Executive is asking the County Council to waive fair market value for the portion of the land that is related to this covenant restriction.



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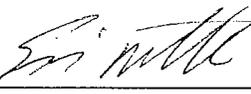
WHEREAS, many of the terms and principles found in the proposed East Parcel sublease mirror the terms and principles agreed to by the County and the hotel owner in the original sublease executed in 2003.

### ACTION

In consideration of the above recitals, the County Executive hereby declares that the portion of the Hotel Tract identified herein as the East Parcel and the related covenant restriction related to development is no longer needed for public use and is available for disposition to the North Bethesda Lessee, LLC, subject to the terms and conditions set forth in a new East Parcel sublease.

Approved as to Form and Legality  
Office of the County Attorney

APPROVED

By:   
Date: 1/26/15

  
Ramona Bell-Pearson  
Assistant Chief Administrative Officer

Distribution:  
County Council  
County Attorney  
Department of Economic Development