



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 030377

Introduced May 15, 2003

**Councilmember Blackwell
for
Council President Verna (By Request)***

**Referred to the
Committee on Finance**

AN ORDINANCE

Authorizing the Commissioner of Public Property and Director of Commerce, on behalf of the City of Philadelphia, to exercise the City's option under a Lease Agreement and enter into an agreement to acquire all right, title and interest of The Philadelphia Parking Authority in and to all buildings, computers, peripherals, structures, improvements, facilities, fixtures, equipment, leasehold improvements, constructions in process, machinery, gates, signs, signals, fencing, garages, connecting bridges, elevated ramps, toll plazas and all other accessories now erected or constructed by the Authority at the Philadelphia International Airport on land owned by the City and leased to the Authority; and authorizing the Commissioner of Public Property and Director of Finance to take all other actions and enter into all other agreements necessary to complete the acquisition; all under certain terms and conditions.

WHEREAS, The City is the owner of land and improvements constituting the Philadelphia International Airport (the "Airport"); and

WHEREAS, Pursuant to an ordinance of City Council approved by the Mayor on October 8, 1974, the City and The Philadelphia Parking Authority (the "Authority") entered into a Lease Agreement dated October 1, 1974 (the "Original Lease"), which was amended as of August 15, 1978, pursuant to an ordinance of City Council approved by the Mayor on August 1, 1978 (the "1978 Lease Amendment") and which was amended as of January 1, 1989, pursuant to an ordinance of City Council approved by the Mayor on December 20, 1988 (the "1989 Lease Amendment") and which was further amended as of June 15, 1999, pursuant to an Ordinance of City Council approved by the Mayor on June 17, 1999 (the "1999 Lease Agreement") (the Original Lease, as amended by the 1978 Lease Amendment, the 1989 Lease Amendment, and the 1999 Lease Agreement, hereinafter collectively referred to as the "Existing Lease"), under which Existing Lease

*Information on File in Room 402 City Hall.

City of Philadelphia

BILL NO. 030377 continued

the Authority leased certain property and the facilities located thereon from the City for the purpose of providing public parking services at the Airport; and

WHEREAS, Pursuant to the Existing Lease, the Authority has constructed and operated five multi-level parking garages and two surface parking lots with a total of approximately 17,825 parking spaces on the land described in Schedules A and B attached thereto (the "Existing Garages"); and

WHEREAS, The City and the Authority entered into a Contract for Parking Services dated October 18, 1974, as amended as of August 15, 1978, and amended as of January 1, 1989 and further amended as of June 15, 1999 (collectively, the "Existing Contract"), under which Existing Contract the Authority was required to construct, equip and provide public parking facilities and services at the Airport on a 24 hour a day basis as provided in the Existing Contract; and

WHEREAS, Pursuant to the Existing Contract, the Authority financed the Existing Garages through the issuance of (i) \$29,700,000, of its Airport Parking Revenue Bonds, Series of 1974 (the "1974 Bonds") which were refunded by issuance by the Authority of its Airport Parking Revenue Bonds, Series of 1978, dated as of August 15, 1978 in the aggregate principal amount of \$31,015,000 (the "1978 Bonds") issued pursuant to a Trust Indenture, dated as of August 25, 1978 between the Authority and The Philadelphia National Bank, in its capacity as Trustee (now Chase Manhattan Trust Company, National Association, as successor trustee) (the "1978 Indenture") and (ii) \$63,885,000 aggregate principal amount of its Airport Parking Revenue Bonds, Series of 1989 (the "1989 Bonds") pursuant to a First Supplemental Indenture, dated as of January 1, 1989 (the "First Supplemental Indenture") which were refunded, together with the 1978 Bonds, by issuance by the Authority of its Airport Parking Revenue Bonds, Series of 1997, dated as of January 15, 1997 in the aggregate principal amount of \$95,795,000 (the "1997 Bonds") pursuant to a Second Supplemental Indenture, dated as of January 15, 1997 as amended April 23, 1999 (the "Second Supplemental Indenture", and together with the First Supplemental Indenture and the 1978 Indenture, the "Existing Indenture"); and

WHEREAS, Pursuant to the Existing Contract, the Authority undertook a project (the "1999 Project") consisting in part of: (1) funding of the construction and equipping of two (2) multi-level parking garages at the Airport, one identified as Garage E/F and expected to contain 3,500 parking spaces, to be located next to an existing garage known as Garage D, and one, identified as Terminal A West Garage and expected to contain approximately 1,500 parking spaces, to be immediately contiguous to Terminal A (respectively, "Garage E/F" and "Terminal A West Garage"); (2) funding of certain capital improvements at the Authority's existing Parking Facilities (as defined in the Existing Indenture) at the Airport and in connection with the construction of Garage E/F and the Terminal A West Garage, including the construction of connecting bridges, an

City of Philadelphia

BILL NO. 030377 continued

elevated ramp, a thirty (30) lane toll plaza, a new administration building and a new maintenance building, reconfiguration work at the ground levels of the Authority's existing Parking Facilities at the Airport and certain miscellaneous additional capital improvements; and

WHEREAS, To provide for the financing of the 1999 Project, the Authority issued its Airport Parking Revenue Bonds, Series of 1999, in the maximum principal amount of \$155,660,000 (the "1999 Bonds", and collectively with the 1997 Bonds, the "Bonds"), and the 1999 Bonds were issued under and secured by the Existing Indenture as further amended by a Third Supplemental Indenture (the "Third Supplemental Indenture", the Existing Indenture as amended and supplemented by the Third Supplemental Indenture is hereinafter referred to as the "Original Indenture"); and

WHEREAS, Section 7 of the Existing Lease provides:

City shall have, and is hereby given the option of purchasing the Improvements for such sum of money as is necessary to (a) release, cancel and discharge the Indenture and (b) reimburse Authority for any of its moneys expended in constructing the Improvements and not financed by the Bonds, any capital alterations, additions and improvements constructed with the approval of the Director of Commerce, and any operating deficit incurred by the Authority on behalf of or in connection with the Project for which it has not been previously reimbursed (the "Option Price"). Title to the Improvements shall be conveyed by the Authority to the City free and clear of all liens and encumbrances upon payment of the Option Price and the actual defeasances of the Indenture. Written notice of the City's intention to exercise this option shall be given to both the Authority and the Trustee at least sixty (60) days prior to the date specified for the purchase of the Improvements

WHEREAS, The City has elected to exercise its option and intends to issue its Airport Revenue Bonds, Series 2003A (Philadelphia Airport Parking System Project) (the "Airport Revenue Bonds"), the proceeds of which will be used to finance the cost of the acquisition of the Existing Garages, Garage E/F and Terminal A West Garage and buildings, computers, peripherals, structures, improvements, facilities, fixtures, equipment, leasehold improvements, construction in process, machinery, gates, signs, signals, fencing, connecting bridges, elevated ramps, toll plazas and records and all other accessories referred to in the Existing Lease as Improvements and certain associated costs; and

WHEREAS, All the Improvements included in the proposed acquisition will be used in the operation of the Airport System by the Division of Aviation, and, where appropriate,

City of Philadelphia

BILL NO. 030377 continued

subleased, contracted or licensed by the Division of Aviation to management companies at the Airport; and

WHEREAS, It is proposed that the City finance its acquisition of the Improvements by the issuance and sale of City of Philadelphia Airport Revenue Bonds, pursuant to a separate ordinance of City Council; and

WHEREAS, The Council wishes to authorize the Commissioner of Public Property and the Director of Commerce to acquire the Improvements and to authorize the Director of Commerce and Director of Finance to take all other actions and enter into all other agreements necessary for the acquisition of the Improvements; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property and Director of Commerce are hereby authorized, on behalf of the City, to acquire all right, title and interest of The Philadelphia Parking Authority in the Existing Garages, Garage E/F and Terminal A West Garage and all buildings, computers, peripherals, structures, improvements, facilities, fixtures, equipment, machinery, gates, signs, signals, structures, improvements, facilities, fixtures, equipment, leasehold improvements, construction in process, machinery, gates, signs, signals, fencing, connecting bridges, elevated ramps, toll plazas, and all other accessories now erected or constructed by the Authority on land owned by the City and referred to in the Existing Lease as Improvements and to enter into and execute an Asset Purchase Agreement (the "Agreement") with the Authority for such purpose. The Agreement shall identify the Improvements being purchased, the Option Price, the terms and conditions of the purchase and shall be substantially in the form set forth in Exhibit "1" .

SECTION 2. Such authorization is subject to the following: (a) all other terms and conditions shall be as deemed appropriate by the Commissioner of Public Property and the Director of Commerce; and (b) title to the Improvements must be found to be (i) good and marketable and free and clear of all liens, restrictions, easements, encumbrances, tenancies, rights of occupancies and other title objections except any such restrictions that may be acceptable to the Commissioner of Public Property and the Director of Commerce.

SECTION 3. The Director of Finance and/or the Director of Commerce, as appropriate, are hereby authorized, on behalf of the City, to enter into additional agreements with the Authority concerning the proposed acquisition which may be necessary or convenient thereto and consistent with the terms of this Ordinance and the agreements herein authorized, including an agreement obligating the City to pay to or on behalf of the Authority any costs, charges, fees, expenses and liabilities incurred by or

City of Philadelphia

BILL NO. 030377 continued

obligated to be paid by the Authority in connection with the acquisition, and further, to execute and deliver, on behalf of the City, any certificates or other instruments necessary for the issuance and sale of bonds by the City to finance the acquisition and associated costs.

SECTION 4. The City Solicitor is hereby authorized to review and to approve all instruments and documents necessary to effectuate this Ordinance, to include in such instruments and documents such other terms and provisions as he shall deem necessary or appropriate to protect the interests of the City and to make such other changes and to approve such amendments as are not inconsistent with the terms of this Ordinance as he shall deem appropriate.

SECTION 5. The Chief Clerk of Council shall keep on file and make available for public inspection the Exhibit referenced in this Ordinance.

City of Philadelphia

BILL NO. 030377 continued