



# City of Philadelphia

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

**BILL NO. 030425**

---

**Introduced May 29, 2003**

---

**Councilmembers Nutter, Tasco, Kenney, Cohen and Ortiz**

---

**Referred to the  
Committee on Finance**

---

## **AN ORDINANCE**

Authorizing the Commissioner of Public Property, on behalf of the City, to enter into a lease agreement with the Philadelphia Authority for Industrial Development (“PAID”) providing for the leasing by the City to PAID of a certain City-owned building located at 1901 Vine Street (“Free Library Building”), including a ground lease of land bounded by Nineteenth Street, Vine Street, Twentieth Street and the former Wood Street (“Free Library Land”), and obligating PAID to finance a project involving renovation and expansion of the Free Library Building (the “Project”) to be made by the City, and authorizing a sublease agreement between PAID and the City providing for the subleasing of the Free Library Building and the Free Library Land back from PAID to the City; covenanting to be bound by the terms of the lease and sublease; imposing a \$50 million limit on the aggregate amount of Bonds which are to be issued by PAID to finance or refinance the costs of the Project; covenanting to make appropriations in each of the City’s fiscal years to provide for rental payments due under the sublease; authorizing the Director of Finance and all other officials of the City to take all actions necessary to accomplish the intent and purpose of this Ordinance or the lease and sublease; and authorizing approval of all of the terms of certain documents by the Director of Finance; all under certain terms and conditions.

WHEREAS, The City is the owner of a building located at 1901 Vine Street, known as the “Free Library Building,” and is the owner of the land bounded by Nineteenth Street, Vine Street, Twentieth Street and the former Wood Street (“Free Library Land”); and

WHEREAS, The City would like to make capital improvements to renovate and expand the Free Library Building; and

WHEREAS, The City has requested the Philadelphia Authority for Industrial Development (“PAID”) to assist the City in making those capital improvements by taking

# City of Philadelphia

*BILL NO. 030425 continued*

a leasehold interest in the Free Library Building and the Free Library Land for the purpose of financing the capital improvements to be accomplished by the City, and simultaneously subleasing the Free Library Building and the Free Library Land back to the City for rent and other payments sufficient to satisfy PAID's debt service on the PAID financing and other PAID costs (the "Project"); and

WHEREAS, PAID has agreed to engage in the Project pursuant to its statutory powers; and

WHEREAS, The City is willing to sublease the Free Library Building from PAID for a term not to exceed twenty years under terms and conditions requiring the City, inter alia, to make rental payments sufficient to pay: (i) principal of or maturity value, premium, if any, and interest on any bonds, notes or other form of indebtedness issued from time to time by PAID for the purpose of financing or refinancing the costs of the Project (the "Bonds"); (ii) obligations of PAID, if any, incurred in connection with obtaining any credit facility or other enhancement relating to the Bonds; (iii) the establishment of reserves, if any, under the indenture securing the Bonds (the "Indenture"); and (iv) the fees, costs and certain other liabilities of PAID incurred in connection Project; and

WHEREAS, PAID will be required to assign certain of its rights under the Free Library Building Sublease (defined below) to a trustee under the Indenture and the City will be required to make its rental payments under the Free Library Building Sublease directly to such trustee for the benefit of the owners of the Bonds and a credit facility provider, if any; now, therefore,

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Definitions. Whenever used in this Ordinance, the terms "Bonds," "PAID," "Free Library Building," "Free Library Land" and "Project" shall have the meaning set forth in the recitals to this Ordinance.

SECTION 2. The Commissioner of Public Property, on behalf of the City, is hereby authorized (i) to enter into an agreement with PAID providing for the leasing by the City to PAID of the Free Library Building and the Free Library Land (the "Free Library Building Lease"), and (ii) to enter into a sublease between PAID and the City providing for the subleasing of the Free Library Building and the Free Library Land back from PAID to the City (the "Free Library Building Sublease," together with the Free Library Building Lease, the "Leases"), for the purpose of PAID's financing of the Project as to be detailed in the Leases. The authorization of this Section 1 shall be subject to the following conditions:

# City of Philadelphia

*BILL NO. 030425 continued*

- (a) The terms of the Leases shall not exceed twenty years;
- (b) The City's annual rental payment to PAID under the Free Library Building Sublease shall not exceed \$4 million, and shall not commence prior to Fiscal Year 2005;
- (c) The Leases shall provide that PAID shall issue Bonds prior to December 31, 2007, and that if Bonds have not been issued prior to that date, the Leases shall terminate on December 31, 2007 without further liability of either party.
- (d) The Leases shall provide that the proceeds of the Bonds shall only be used for costs of the Project and for amounts necessary for any reserves, for capitalized interest, for costs of issuance and amounts necessary to effect any refunding.
- (e) The Leases shall not be executed until approved by Council. To obtain such approval, complete copies of the Leases, including all exhibits, shall be filed with the Chief Clerk of Council with copies delivered to all members of Council. Council may thereupon adopt a Resolution approving or disapproving the Leases, provided, however, that if Council does not disapprove such Leases by a resolution adopted at any of the first three meetings of Council held after such filing, the Leases shall be deemed approved. Upon approval of the Leases, the City agrees to be bound by each and every provision, covenant and agreement set forth in the Leases as if they were specifically adopted as part of this Ordinance.

SECTION 3. The Leases herein authorized shall be made in connection with the issuance at any time or from time to time by PAID of the Bonds to finance and refinance the costs of the Project in an aggregate principal amount not to exceed Fifty Million Dollars (\$50,000,000) net of original issue discount, plus amounts necessary for any reserves, for capitalized interest, for costs of issuance and amounts necessary to effect any refunding, at any one time outstanding. The Free Library Building Sublease may provide for the issuance by PAID of additional bonds and City rental payments with respect thereto upon the prior approval thereof by ordinance of Council as provided in the Indenture.

SECTION 4. The City covenants to make appropriations in each of its fiscal years during the term of the Free Library Building Sublease in such amounts as shall be required in order to make all rental payments due and payable, and fulfill all other obligations, under the Free Library Building Sublease.

SECTION 5. The City covenants to unconditionally make all rental payments due under the Free Library Building Sublease directly to the trustee to which the Free Library Building Sublease has been assigned as all or part of the security for payment of

# City of Philadelphia

*BILL NO. 030425 continued*

the Bonds issued under the Indenture and to pay all obligations of PAID under a credit facility and/or liquidity facility securing the Bonds, if any, and to pay all other obligations to PAID as required under the Leases, if any, all of which payments shall not be suspended, abated, reduced, abrogated, waived, diminished or otherwise modified in any manner or to any extent whatsoever and regardless of any rights of setoff, recoupment or counterclaim that the City may have against PAID or the trustee or any other party or parties and regardless of any contingency, act of God, event or cause whatsoever and notwithstanding any circumstances or occurrence that may arise after the date hereof.

SECTION 6. Subject to the provisions of Section 2(e), the Director of Finance and all other proper officials of the City are hereby authorized to execute all documents and to take all actions, including the execution of the Free Library Building Lease and Free Library Building Sublease and the execution of a continuing disclosure agreement, as may be necessary, in order to accomplish the intent and purpose of this Ordinance and of the Leases and are further authorized to amend the Leases and any other documents in any manner consistent with the terms of this Ordinance. The City Solicitor is hereby authorized to include in the Leases such other terms and provisions as he shall deem necessary or appropriate in connection with the financing and to make any other changes consistent with the terms of this Ordinance.

SECTION 7. All terms of the Bonds, the Indenture and credit facility and/or liquidity facility and/or reimbursement agreement, if any, shall be subject to the approval of the Director of Finance.

SECTION 8. The City Solicitor shall file copies of the executed Free Library Building Lease and Free Library Building Sublease and copies of any executed amendments with the Chief Clerk of Council.

SECTION 9. Non-severability. The provisions of Section 2(e) requiring Council approval of the Leases prior to execution are not severable from the remaining provisions of this Ordinance, but are essentially and inseparably connected with all other provisions of this Ordinance, and it is hereby declared to be the legislative intent of Council that Council would not have enacted this Ordinance or any portion of this ordinance unless such provisions were a valid part of such enactment.