

City of Philadelphia



(Bill No. 150812)

AN ORDINANCE

Constituting the Eighteenth Supplemental Ordinance to the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented; authorizing the Bond Committee to issue and sell one or more series or subseries of tax-exempt or taxable water and wastewater revenue bonds and revenue refunding bonds; authorizing agreements to provide credit enhancement or payment or liquidity sources (or any combination of the foregoing) for such Bonds; providing that such Bonds shall bear interest at fixed or variable rates; determining the sufficiency of pledged Project Revenues; authorizing the Director of Finance to take certain actions with regard to the sale of such Bonds, the investment of proceeds thereof and the City's continuing disclosure obligations with respect to such Bonds; setting forth the use of proceeds of such Bonds; covenanting the payment of interest and principal; and supplementing the Restated General Water and Wastewater Revenue Bond Ordinance of 1989.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. *Authorization, Scope and Purpose.* This Supplemental Ordinance is enacted pursuant to the provisions of The First Class City Revenue Bond Act, approved October 18, 1972 (Act No. 234, 53 P.S. §§15901 to 15924), as amended (the "Act"), and constitutes a Supplemental Ordinance enacted for the purpose of authorizing one or more series or subseries of Bonds within the meaning of the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989 (Bill No. 544) approved June 24, 1993, as amended and supplemented (the "General Ordinance").

(a) The Bond Committee is hereby authorized on behalf of the City to borrow, by the issuance and sale of one or more series or subseries of Water and Wastewater Revenue Bonds of the City (the "New Money Bonds"), to be expended as provided in Section 4(a) of this Supplemental Ordinance, a sum or sums which in the aggregate principal amount shall not exceed six hundred million dollars (\$600,000,000), exclusive of original issue discount; and in the event the New Money Bonds are issued with original issue discount, the Bond Committee is hereby authorized to increase the aggregate principal amount of the New Money Bonds so issued, by the amount of such original issue discount.

(b) The Bond Committee is hereby authorized on behalf of the City to borrow, by the issuance and sale of one or more series or subseries of Water and Wastewater Revenue Refunding Bonds of the City (the "Refunding Bonds" and, together with the New Money Bonds, the "Bonds"), to be expended as provided in Section 4(b) of this

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Supplemental Ordinance, a sum or sums which in the aggregate principal amount shall not exceed the principal amount of Refunding Bonds as provided in Section 4(b) of this Supplemental Ordinance.

(c) In accordance with the General Ordinance, the Bond Committee shall approve the final terms of the Bonds in one or more Determinations of the Bond Committee (each a “Determination”) prior to, and as a condition of, the issuance of any series of Bonds. Any such Determination shall be deemed a supplement to this Supplemental Ordinance.

(d) The Bond Committee is authorized, on behalf of the City to enter into agreements specified in a Determination (the “Enhancement Agreements”) with any bank, insurance company or other appropriate entity providing credit enhancement or payment or liquidity sources (collectively, a “Provider”) for the account of the City for any Series of Bonds, including, without limitation, letters of credit, liquidity and credit facilities and bond insurance. Such Enhancement Agreements may provide for payment of the principal or purchase price of or interest on Bonds if the City does not pay the Bonds when due and may provide for repayment with interest to the Provider from the date of such payment.

(e) The Fiscal Agent (as defined in the General Ordinance) is hereby designated to act as Bond Registrar pursuant to Section 3.05 of the General Ordinance.

(f) The Bond Committee or the Director of Finance, as appropriate, is authorized to make all such covenants and to take any and all such other actions on behalf of the City as may be necessary or appropriate in connection with the consummation of the transactions contemplated herein.

SECTION 2. *Definitions.* All defined terms contained in the Act shall apply to this Supplemental Ordinance. Unless expressly given different meanings hereunder or the context clearly otherwise requires, all terms used herein shall have the same meanings assigned to them in the General Ordinance.

SECTION 3. *Terms of the Bonds.*

(a) The Bonds shall be sold either at public competitive sale to the highest bidder or bidders or at a private negotiated sale, as the Bond Committee shall determine to be in the best interest of the City.

(b) The Bonds may be issued and sold in one or more Series or, as authorized by the General Ordinance and as specified by the Determination, in one or more subseries, each of which shall be deemed a Series for purposes of the General Ordinance and shall be designated by letter as a Series of Bonds of the year in which such Series is issued, at the same or different times, as taxable or tax-exempt bonds, and may include

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serial bonds, terms bonds, and Capital Appreciation Bonds, all as specified in the Determination.

(c) The Bonds shall bear interest from the dated date thereof, or the date of delivery, to maturity or prior redemption, if any, at prescribed fixed rates or variable rates (not exceeding any limitation prescribed by law), as specified in the Determination. The interest on the Bonds may accrue, and may be payable, at fixed rates or variable rates, on such basis as the Bond Committee shall determine to be in the best interest of the City and which are not inconsistent with the provisions hereof, the Act or the General Ordinance, as set forth in the Determination.

(d) The Bonds shall contain series or subseries, designations, terms and provisions (including without limitation, interest payment dates, record dates, redemption and tender for purchase provisions, denominations, provisions for payments by wire transfer and provisions for issuance of the Bonds in book-entry form) as the Bond Committee shall determine to be in the best interest of the City and which are not inconsistent with the provisions hereof, the Act or the General Ordinance, all as set forth in the Determination.

(e) The Bonds shall not pledge the credit or taxing power of the City, or create any debt, charge or lien against the tax, general revenues or property of the City, other than the revenues pledged by the General Ordinance.

SECTION 4. *Purposes for the Bonds.*

(a) Proceeds of the New Money Bonds shall be used for: (i) constructing, acquiring, reconstructing and renovating wastewater treatment plants and related facilities and equipment for the sewer system; (ii) constructing, acquiring, reconstructing and renovating water treatment plants and related facilities and equipment for the water system; (iii) constructing, acquiring, reconstructing and replacing water, wastewater and stormwater pipes, pumping stations and related facilities; (iv) purchasing equipment and apparatus of a capital nature for the water and wastewater systems; (v) constructing, acquiring, reconstructing and renovating storm water management and mitigation improvements and facilities and other improvements and facilities in furtherance of the City's Combined Sewer Overflow (CSO) Long Term Control Plan Update (referred to as the Green City, Clean Waters Program) dated September 1, 2009, as permitted under the Act and the General Ordinance; (vi) purchasing vehicles that serve the water or wastewater system, all as included in the capital budgets of the City; (vii) paying any other Project Costs as such term is defined in the Act; (viii) making the deposits referred to in Section 6 hereof; and (ix) paying the issuance costs of the Bonds (collectively, the "Project").

(b) Proceeds of Refunding Bonds shall be used to: (i) refund and redeem, at any time, all or any portion of the New Money Bonds issued pursuant to this

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Supplemental Ordinance (the “Refunded Bonds”); (ii) if applicable, pay the costs of Enhancement Agreements; (iii) pay any other Project Costs as such term is defined in the Act; (iv) make the deposits referred to in Section 6 hereof and (v) pay the issuance costs of the Bonds.

No Series of Refunding Bonds shall be issued under this Supplemental Ordinance unless:

1. The final maturity of such Series of Refunding Bonds shall not exceed the final maturity of the Refunded Bonds in respect of which such Refunding Bonds are being issued; and

2. Debt Service Requirements in each Fiscal Year for such Series of Refunding Bonds shall not exceed the Debt Service Requirements that would have been payable in such Fiscal Year for the Refunded Bonds in respect of which such Series of Refunding Bonds are being issued.

The aggregate principal amount of the Refunding Bonds shall not exceed the principal amount necessary to accomplish the refunding of the New Money Bonds, if any, as contemplated by, and subject to the financial conditions and other limitations set forth in, this Supplemental Ordinance, and as shall be determined by the Bond Committee and specified in the Determination.

SECTION 5. *Official Intent.* In accordance with Treasury Regulation §1.150-2, the City hereby states its intentions that it may use all or a portion of the proceeds of the New Money Bonds to reimburse the City for expenditures originally paid prior to a date of issuance of the New Money Bonds.

All original expenditures which may be reimbursed will be capital expenditures (as defined in Treasury Regulation §1.150-1(b)) and other permissible amounts under Treasury Regulation §1.150-2(d)(3). The property for which the original expenditure may be fully or partially reimbursed from bond proceeds consists of the Project described in Section 4(a) of this Supplemental Ordinance.

Once the New Money Bonds are issued, the City shall allocate, or cause to be allocated, bond proceeds to reimburse prior capital expenditures, if any, provided that, except as permitted under Treasury Regulation §1.150-2(f), such costs to be reimbursed were paid not more than sixty (60) days prior to the date of enactment of this Supplemental Ordinance. Such allocation shall specifically identify the actual original expenditures to be reimbursed. Such allocation shall occur not later than eighteen (18) months after the later of (i) the date on which the original expenditure was paid, or (ii) the date the Project was placed in service or abandoned, but in no event more than three (3) years after the original expenditure was paid.

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Any bond proceeds used to reimburse the City for original expenditures will not be used within one (1) year after the allocation in a manner that results in the creation of replacement proceeds (as defined in Treasury Regulation §1.148-1) for the New Money Bonds or for other bonds.

SECTION 6. *Deposit of Bond Proceeds.* As provided in Section 5.04(f) of the General Ordinance, accrued interest, if any, on the Bonds shall be deposited in the Sinking Fund. Remaining Bond proceeds shall be deposited first in the Debt Reserve Account in an amount equal to the Debt Reserve Requirement to the extent that such requirement is not satisfied in whole or in part by available funds of the City or by a surety bond, insurance policy or letter of credit in accordance with Section 4.09 of the General Ordinance; and all other Bond proceeds and other monies currently on deposit under the General Ordinance, including current reserves and construction funds, shall be deposited or transferred as provided in a certificate of the Director of Finance.

SECTION 7. *Requirements of the Act.* Based on a report of the Director of Finance of the City filed with the City Council pursuant to Section 8 of the Act, it is hereby determined that the pledged Project Revenues, as defined in the General Ordinance, will be sufficient to: (a) comply with the Rate Covenant contained in Section 5.01 of the General Ordinance, and (b) pay all costs, expenses and payments required to be paid from pledged Project Revenues in the order and priority stated in Section 4.06 of the General Ordinance.

An opinion of the City Solicitor shall be filed with the City Council prior to enactment of this Supplemental Ordinance pursuant to Section 8 of the Act.

SECTION 8. *Payments from Sinking Fund.* The City covenants that, so long as any Bond shall remain outstanding, it will make payments or cause payments to be made out of the Sinking Fund established pursuant to the General Ordinance or any of the Water and Wastewater Funds available therefor, at such times and in such amounts as shall be sufficient for the payment of the interest on the Bonds and the principal thereof when due.

SECTION 9. *Tax Covenants; Tax-Exempt Bonds Not to Become Arbitrage Bonds.* The Director of Finance and any other applicable City officer are authorized to make such additional covenants and to take such other action on behalf of the City with respect to the use and investment of the proceeds of any Bonds issued as tax-exempt ("Tax-Exempt Bonds") as may be necessary or advisable in order that no Tax-Exempt Bonds shall be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), that the City will comply with the requirements of Section 148 of the Code throughout the term of the Tax-Exempt Bonds as more fully described in the Determination and in order to otherwise effect or maintain the exclusion of interest on the Tax-Exempt Bonds from gross income of the holders thereof for federal income tax purposes, and further to establish such sub-accounts within the Sinking Fund

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and terms or restrictions relating thereto as may be necessary or advisable to permit issuance of the Tax-Exempt Bonds. For purposes of Section 4.14 of the General Ordinance, the Rebate Bond Year with respect to the Tax-Exempt Bonds shall be set forth in the Determination.

SECTION 10. *Continuing Disclosure.* The Director of Finance is authorized on behalf of the City to execute and deliver a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) meeting the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

SECTION 11. *Elections Under the General Ordinance.* The Bond Committee is authorized on behalf of the City, without any further action by City Council, to make any and all elections under the General Ordinance as it shall determine to be in the best interest of the City as and when it shall deem such elections to be appropriate.

SECTION 12. *Effect of Ordinance.* This Ordinance is supplementary to the General Ordinance and all sections of the General Ordinance and the Act not inconsistent herewith are applicable to the Bonds authorized hereunder.

SECTION 13. *Effective Date.* This Ordinance shall take effect immediately.

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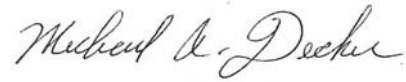
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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on December 3, 2015. The Bill was Signed by the Mayor on December 8, 2015.



Michael A. Decker
Chief Clerk of the City Council