



City of Philadelphia

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

BILL NO. 240966

Introduced October 24, 2024

Councilmember Squilla for

**Referred to the
Committee of the Whole**

AN ORDINANCE

To grant the necessary authorizations for the City to help facilitate development, construction, and operation of a new arena for the Philadelphia 76ers professional basketball team and for other uses, including authorizing the Commissioner of Public Property and such other City officials as may be appropriate, on behalf of the City, to enter into the following agreements and take the following actions: (1) acquire fee simple title to all or portions of 1001-1025 Filbert Street, 1001-1019 Market Street, and 1025 Market Street (together, the “Market and Filbert Street Properties”); (2) acquire fee simple title to other parcels of land, aerial areas and subsurface areas in the vicinity of the Market and Filbert Street Properties including, without limitation, those areas reverting to the City or other parties in connection with the striking of certain aerial portions of Tenth Street between Market Street and Filbert Street (the “Additional Properties”) and certain other nearby parcels and areas; (3) enter into a ground lease agreement (the “Lease”) with the Philadelphia Authority for Industrial Development (“PAID”) under which the City would lease to PAID all or a portion of the Market and Filbert Street Properties and the Additional Properties, if any, and other parcels and subsurface areas the City now owns in the vicinity of those properties, all of which collectively would constitute the “Arena Site”; (4) join in or consent to a sublease and development agreement (the “Sublease”) between PAID and either CBL Arena LLC (“ArenaCo”), an entity affiliated with the Philadelphia 76ers, L.P. (the “76ers”), or another entity affiliated with the 76ers, under which ArenaCo or other 76ers related entity would sublease the Arena Site and cause an arena to be constructed on it, including a multi-purpose sports and entertainment facility and ancillary, accessory, and related amenities, improvements, and infrastructure (the “Arena”) and agree to other related conditions; (5) upon the expiration or termination of the Sublease or other circumstances set forth in the Sublease, convey fee simple title to the Arena Site to PAID for disposition to ArenaCo; (6) grant, accept, amend, relocate and extinguish easements, agreements, conditions, covenants and restrictions encumbering or benefitting the Arena Site and any City owned property adjacent to the Arena Site for the benefit of the Arena Site to facilitate construction and operation of the Arena; (7) enter into a direct operating covenants agreement among the 76ers, PAID and the City, under which the 76ers agree to play substantially all of their regular season and playoff home games in

City of Philadelphia

BILL NO. 240966 continued

the Arena; and (8) take all actions necessary and appropriate to accomplish the intent and purpose of this Ordinance; all under certain terms and conditions.

BACKGROUND

A. The attraction and retention of professional sports franchises in the City of Philadelphia encourages the City's and Commonwealth of Pennsylvania's economic development and prosperity and the growth of the City's tourism, convention, and retail and commercial businesses, and provides recreational and entertainment opportunities for the people of the City and Commonwealth, all in furtherance of the greater health, safety and general welfare of the people of the City and the Commonwealth.

B. A new indoor arena will serve the public interest by providing a modern facility for the Philadelphia 76ers, L.P., a professional basketball team of the National Basketball Association, which will help secure the team's presence in the City and will also provide a venue for college and high school basketball games, potential future expansion plans for the WNBA and other sporting, musical, educational, ceremonial, convention, and entertainment and civic events.

C. A new arena on east Market Street will revitalize one of the City's important commercial corridors and increase activity in retail stores, restaurants, and other businesses in the surrounding neighborhoods.

D. Construction of a new arena will create thousands of construction jobs and hundreds of permanent family sustaining jobs and stimulate the creation of permanent jobs in businesses that serve the arena's needs and that serve the arena's patrons.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property and such other officials of the City of Philadelphia (the "City"), as may be appropriate, are authorized, on behalf of the City, to help facilitate the development, construction, and operation of a new multi-purpose sports and entertainment facility and ancillary, accessory, and related amenities, improvements, and infrastructure (the "Arena Project") on east Market Street in an area generally bounded by Market, Cuthbert, 10th and 11th Streets, designated as the "Arena Site", which facility will include an arena (the "Arena") to be used by the Philadelphia 76ers, L.P., a Delaware limited partnership and professional basketball team of the National Basketball Association (the "76ers"), and for other uses, and to enter into the following agreements and take the following actions, whether by agreement, deed, lease, easement, purchase, conveyance, condemnation, deed in lieu of condemnation, donation, dedication or otherwise:

City of Philadelphia

BILL NO. 240966 continued

A. Acquire fee simple title to all or portions of 1001-25 Filbert Street, 1001-19 Market Street, and 1025 Market Street (together, the “Market and Filbert Street Properties”).

B. Acquire fee simple title to other parcels, aerial areas and/or subsurface areas in the vicinity of the Market and Filbert Street Properties including, without limitation, those areas reverting to the City or other parties in connection with the striking of certain aerial portions of Tenth Street between Market Street and Filbert Street (the “Additional Properties”). Once acquired and consolidated, the Market Street and Filbert Street Properties together with the Additional Properties, if any, and certain real property owned by the City, including subsurface and air rights parcels, will be the Arena Site, the boundaries of which may be adjusted from time to time, as necessary.

C. Acquire fee simple title to other parcels and/or subsurface areas in the vicinity of the Arena Site.

D. Enter into a ground lease agreement (the “Lease”) with the Philadelphia Authority for Industrial Development (“PAID”) substantially in the form of Exhibit “A” attached hereto and made a part hereof, under which the City would lease to PAID all or portions of the Market and Filbert Street Properties and the Additional Properties and other parcels and subsurface areas the City now owns in the vicinity of those properties, all of which collectively would be the Arena Site as well as entry into the non-disturbance agreement substantially in the form of Exhibit B to the Lease.

E. Join in or consent to a sublease and development agreement (the “Sublease”) between PAID and either CBL Arena LLC (“ArenaCo”), an entity affiliated with the 76ers, or another entity affiliated with the 76ers, under which ArenaCo or other 76ers related entity would sublease the Arena Site from PAID, cause the Arena Project to be constructed and operated on the Arena Site, which Sublease shall conform in all material respects to the terms and conditions set forth on Exhibit “B”, attached hereto and made a part hereof (the “Sublease Terms”), which Sublease Terms are hereby approved, including the City entering into a community benefits agreement with ArenaCo or its affiliate.

F. Upon the expiration or termination of the Sublease or other circumstances set forth in the Sublease, convey fee simple title to the Arena Site to PAID for disposition to ArenaCo.

City of Philadelphia

BILL NO. 240966 continued

G. Grant, accept, amend, relocate and extinguish various easements, agreements, conditions, covenants and restrictions encumbering or benefitting the Arena Site and City owned property adjacent to the Arena Site for the benefit of construction and operation of the Arena Project and development of any air rights parcels above the Arena Site.

H. Enter into a direct operating agreement among n the City, the 76ers and PAID, under which the 76ers covenant to play substantially all of their regular season and playoff home games in the new Arena for not less than 30 years.

I. Execute all other instruments and documents and take all actions necessary and appropriate to accomplish the intent and purpose of this Ordinance.

SECTION 2. The City Solicitor is authorized to draft, review, negotiate, and approve all instruments and documents necessary and desirable to accomplish the transactions this Ordinance authorizes, including, without limitation, the Lease and the Sublease, to include in those instruments and documents all provisions the City Solicitor deems necessary or desirable to protect the interests of the City and/or carry out the purposes of this Ordinance, and to make any other changes thereto, including by amendment, in any manner consistent with this Ordinance.

SECTION 3. The Chief Clerk is directed to keep on file in the Chief Clerk's office all exhibits to this Ordinance and to make them available for public inspection.

SECTION 4. This Ordinance is effective immediately.