

Legislation Details (With Text)

File #: 160968 **Version:** 0 **Name:**
Type: Bill **Status:** ENACTED
File created: 11/3/2016 **In control:** Committee on Finance
On agenda: **Final action:** 12/1/2016

Title: Authorizing the Commissioner of Public Property of the City of Philadelphia, on behalf of the City of Philadelphia and in cooperation with the Philadelphia Municipal Authority, to undertake a Project to promote the health, safety and welfare of the residents of the City of Philadelphia; authorizing and approving (i) a project including the refunding of bonds issued to finance the New Youth Center Facility, (ii) an amendment to an existing Ground Lease between the City of Philadelphia and the Philadelphia Municipal Authority, (iii) an amendment to an existing Prime Lease between the City of Philadelphia and the Philadelphia Municipal Authority and the assignment of such amendment to a trustee and (iv) the obligation of the City of Philadelphia to pay rent under the Prime Lease, as amended, when due; approving the issuance by the Philadelphia Municipal Authority of bonds in one or more series to pay the costs of such project; authorizing certain officers of the City of Philadelphia to enter into such lease amendments and to take such other actions as may be necessary or appropriate to accomplish the intent and purpose of this Ordinance; agreeing to be bound by each and every provision, covenant and agreement set forth in the Ground Lease and Prime Lease, each as amended; covenanting that the City of Philadelphia will make necessary appropriations in each of the City's fiscal years to provide for, and will make, rental payments when due under the Prime Lease, as amended; all under certain terms and conditions.

Sponsors: Councilmember Blackwell
Indexes: BONDS, PHILADELPHIA MUNICIPAL AUTHORITY
Code sections:
Attachments: 1. CertifiedCopy16096800.pdf

Date	Ver.	Action By	Action	Result	Tally
12/14/2016	0	MAYOR	SIGNED		
12/1/2016	0	CITY COUNCIL	READ AND PASSED	Pass	16:0
11/17/2016	0	CITY COUNCIL	ORDERED PLACED ON THIS DAY'S FIRST READING CALENDAR		
11/17/2016	0	CITY COUNCIL	SUSPEND THE RULES OF THE COUNCIL	Pass	
11/17/2016	0	CITY COUNCIL	READ AND ORDERED PLACED ON NEXT WEEK'S SECOND READING CALENDAR		
11/15/2016	0	Committee on Finance	HEARING NOTICES SENT		
11/15/2016	0	Committee on Finance	HEARING HELD		
11/15/2016	0	Committee on Finance	REPORTED FAVORABLY, RULE SUSPENSION REQUESTED		
11/3/2016	0	CITY COUNCIL	Introduced and Referred	Pass	

Authorizing the Commissioner of Public Property of the City of Philadelphia, on behalf of the City of Philadelphia and in cooperation with the Philadelphia Municipal Authority, to undertake a Project to promote the health, safety and welfare of the residents of the City of Philadelphia; authorizing and approving (i) a project including the refunding of bonds issued to finance the New Youth Center Facility, (ii) an amendment to

an existing Ground Lease between the City of Philadelphia and the Philadelphia Municipal Authority, (iii) an amendment to an existing Prime Lease between the City of Philadelphia and the Philadelphia Municipal Authority and the assignment of such amendment to a trustee and (iv) the obligation of the City of Philadelphia to pay rent under the Prime Lease, as amended, when due; approving the issuance by the Philadelphia Municipal Authority of bonds in one or more series to pay the costs of such project; authorizing certain officers of the City of Philadelphia to enter into such lease amendments and to take such other actions as may be necessary or appropriate to accomplish the intent and purpose of this Ordinance; agreeing to be bound by each and every provision, covenant and agreement set forth in the Ground Lease and Prime Lease, each as amended; covenanting that the City of Philadelphia will make necessary appropriations in each of the City's fiscal years to provide for, and will make, rental payments when due under the Prime Lease, as amended; all under certain terms and conditions.

WHEREAS, in order to provide for the health, safety and well-being of the citizens of the City of Philadelphia (the "City"), it was necessary to undertake a project consisting of the design, construction, equipping and leasing of a youth center facility (the "2009 Project"), to include a secure residential detention facility providing educational, health and social services to juveniles and other related facilities, and parking improvements on the Property (defined hereafter) (together, the "New Youth Center Facility"), and the Philadelphia Municipal Authority (the "Authority"), by the issuance of \$97,850,000 of its Lease Revenue Bonds Series 2009 (the "2009 Bonds"), financed such 2009 Project; and

WHEREAS, in connection with the issuance of the 2009 Bonds, the City and the Authority entered into a Ground Lease (the "2009 Ground Lease") of property located at 91 North 48th Street, Philadelphia, Pennsylvania (the "Property"), wherein the City leased the Property to the Authority in connection with the development and construction of the 2009 Project; and

WHEREAS, the Authority and the City simultaneously entered into a Prime Lease (the "2009 Prime Lease") of the Property, together with the New Youth Center Facility (collectively, the "Leased Premises"), wherein the City agreed to pay a rental, solely out of its current revenues, in an amount sufficient to pay the principal of, premium, if any, and interest on the 2009 Bonds and administrative expenses of the Authority incurred in connection with such financing, including any arbitrage rebate payments due to the United States Treasury with respect to the 2009 Bonds; and

WHEREAS, the City and the Authority entered into a First Amendment to Prime Lease dated May 22, 2014 (the "Prime Lease Amendment," and together with the 2009 Prime Lease, the "Original Prime Lease") to incorporate an additional tract of land into the Leased Premises; and

WHEREAS, in order to provide for the health, safety and well being of the citizens of the City, the City will undertake a project (the "Project") consisting of: (a) the refunding of all or a portion of the 2009 Bonds; (b) paying costs of issuance for the Bonds (defined hereafter); and (c) amending the terms of the 2009 Ground Lease and the Original Prime Lease; and

WHEREAS, the Authority by the issuance of not more than one hundred ten million dollars (\$110,000,000) of its bonds (the "Bonds") will finance the Project; provided that, if any of the Bonds are to be sold at discounts, which are in lieu of periodic interest, the aggregate principal amount of Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Bonds shall not exceed one hundred ten million dollars (\$110,000,000), plus accrued interest, if any; and

WHEREAS, in order to induce the Authority to finance the Project and acknowledge the issuance of the

Bonds, the City will enter into an amendment of the 2009 Ground Lease (the “Ground Lease Amendment”) and an amendment of the Original Prime Lease (the “2016 Prime Lease Amendment,” and together with the Ground Lease Amendment, the “Lease Amendments”) (as so amended, the “Ground Lease” and “Prime Lease,” respectively) with the Authority; such Lease Amendments will make certain amendments and/or set forth certain provisions in connection with the issuance of the Bonds; and

WHEREAS, pursuant to the Prime Lease, the City will agree to pay a rental, solely out of its current revenues, in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds and administrative expenses of the Authority incurred in connection with the Project, including any arbitrage rebate payments due to the United States Treasury with respect to the 2009 Bonds or the Bonds; and

WHEREAS, the Council (the “Council”) of the City has, by this Ordinance, determined that it is in the best interests of the City to: (i) authorize and approve the Project; (ii) authorize and approve the execution and delivery of the Lease Amendments by and between the City and the Authority; (iii) approve the issuance by the Authority of the Bonds, in one or more series, to pay the costs of the Project; (iv) authorize and approve the assignment of the 2016 Prime Lease Amendment by the Authority to U.S. Bank National Association, as trustee, or its successor (the “Trustee”); and (v) authorize and approve the obligation of the City to pay rent under the Prime Lease; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Council hereby: (i) authorizes and approves the Project; (ii) approves the issuance by the Authority of the Bonds, in one or more series, in an aggregate principal amount not to exceed one hundred ten million dollars (\$110,000,000), pursuant to a Trust Indenture (the “Indenture”) dated as of June 1, 2009, as amended and supplemented, between the Authority and the Trustee to finance the Project; provided that, if any of the Bonds are to be sold at discounts, which are in lieu of periodic interest, the aggregate principal amount of Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Bonds shall not exceed one hundred ten million dollars (\$110,000,000), plus accrued interest, if any; (iii) authorizes and approves the execution and delivery of the Lease Amendments with the Authority; (iv) authorizes and approves the assignment of the 2016 Prime Lease Amendment by the Authority to the Trustee; and (v) authorizes and approves the obligation of the City to pay rent under the Prime Lease in an amount sufficient to pay principal of, premium, if any, and interest on the Bonds when due and payable.

SECTION 2. The Director of Finance, the Commissioner of Public Property and all other proper officials of the City are hereby authorized to execute and deliver, on behalf of the City, the Lease Amendments in substantially the form as the City Solicitor shall advise and the Director of Finance shall approve, consistent with the terms of this Ordinance.

SECTION 3. The Lease Amendments authorized by this Ordinance shall be executed in conjunction with the issuance by the Authority of the Bonds for the purpose of financing the Project. The proceeds of the Bonds shall be applied to the financing of the Project approved hereby, to the funding of required reserves, if any, and to payment of costs of issuance and costs of credit and/or liquidity enhancement. The Lease Amendments shall not be executed or delivered until the Director of Finance has approved the bond documents pursuant to Section 7 hereof.

SECTION 4. The Director of Finance, the Commissioner of Public Property, the City Treasurer and all other proper officials of the City are hereby authorized, jointly and severally, on behalf of the City, to execute all documents (including one or more continuing disclosure agreements and one or more escrow agreements in connection with the refunding of the 2009 Bonds) and to take all actions as may be required by the Constitution and the laws of the Commonwealth, or as may be necessary or appropriate in order to accomplish the intent and purpose of this Ordinance, the Ground Lease and the Prime Lease subject to the “Municipal Authorities Act of

2001,” P.L. 287, as amended.

SECTION 5. The City agrees to be bound by each and every provision, covenant and agreement set forth in the Ground Lease and the Prime Lease.

SECTION 6. The City covenants to budget and make appropriations, beginning in Fiscal Year 2017, in each and every fiscal year in such amounts as shall be required in order to make all rental payments due and payable under the Prime Lease.

SECTION 7. All the terms of the Bonds and the Indenture shall have the approval of the Director of Finance, which approval shall be conclusively evidenced by the execution of the 2016 Prime Lease Amendment by the Director of Finance.

SECTION 8. As long as Bonds issued by the Authority to finance costs of the Project are outstanding, the City covenants unconditionally to make all rental payments due as provided for under the Prime Lease directly to any trustee, including the Trustee, to which the Prime Lease may be assigned as security for payment of the Bonds and the obligations of the Authority under any credit facility and/or liquidity facility securing the Bonds, out of current revenues of the City, 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 the Authority or the Trustee or any Bondholder or any other party or parties and regardless of any contingency, act of God, event or cause whatsoever and notwithstanding any circumstance or occurrence that may arise after the date thereof.

SECTION 9. This Ordinance shall take effect immediately.