

Legislation Text

File #: 080525, Version: 0

Constituting the Ninth Supplemental Ordinance to the Amended and Restated General Airport Revenue Bond Ordinance; authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to issue and sell one or more series of Airport Revenue Bonds of the City of Philadelphia; designating the obligations to be refunded from certain proceeds of such Airport Revenue Bonds; setting forth the use of proceeds; providing for the pledge of certain passenger facility charges solely for bonds which refund the Airport Revenue Bonds, Series 1998B; determining the sufficiency of pledged Amounts Available for Debt Service; covenanting for the payment of interest and principal; authorizing the Bond Committee to take certain action with regard to the terms and conditions of the Airport Revenue Bonds and related agreements and the elections under the Amended and Restated General Airport Revenue Bond Ordinance; authorizing the Director of Finance to take certain actions with regard to the sale of such Airport Revenue Bonds, the investment of the proceeds thereof and the City' continuing disclosure obligation; and specifying applicability of sections of The First Class City Revenue Bond Act and the Amended and Restated General Airport Revenue Bond Ordinance.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Authorization, Scope and Purpose. The Mayor, the City Controller and the City Solicitor, or a majority of them (the "Bond Committee"), are hereby authorized, on behalf of the City of Philadelphia (the "City"), to borrow, by the issuance and sale of Airport Revenue Refunding Bonds (the "Bonds"), a sum or sums which in the aggregate shall not exceed the principal amount of the Bonds authorized to be issued hereunder, to be expended as provided in Section 2 of this Ordinance. The Bonds are to be issued under and pursuant to The First Class City Revenue Bond Act of October 18, 1972, Act No. 234 (the "Act"), and are to be secured by the Amended and Restated General Airport Revenue Bond Ordinance, approved June 16, 1995 (Bill No. 950282), as amended and supplemented (the "Amended and Restated Ordinance").

The aggregate principal amount of the Bonds shall not exceed Three Hundred Twenty Million dollars (\$320,000,000) exclusive of costs of issuance (including underwriters' discount), original issue discount, capitalized interest, funding of deposits to the Sinking Fund Reserve Account and similar items. The Bond Committee is hereby authorized to increase the aggregate principal amount of the Bonds so issued, by the amount of such items (the "Additions"). The proceeds of such Bonds shall be used for refunding or redeeming Airport Revenue Bonds referred to in Section 2 of this Ordinance, increased by the Additions. The Bonds shall bear interest from the dated date thereof to maturity or prior redemption, if any, at prescribed fixed or variable rates (not exceeding any limitation prescribed by law). The interest on the Bonds at variable rates, if any, may accrue on a daily, weekly, monthly, quarterly, semi-annual or annual basis or on the basis of commercial paper periods or on such other basis as may be further provided and may be payable daily, weekly, monthly, quarterly, semi-annually, annually or at the end of each commercial paper period or on such basis as may be further provided, or may accrue to a specific date (including, but not limited to, the maturity date) and may thereafter accrue and be payable on such basis as shall be specified in the Bond Committee Determination(s). The interest on fixed rate Bonds, if any, shall be payable as provided in the Bond Committee Determination(s). The Bonds shall contain series or subseries designations, terms and provisions (including without limitation, interest payment dates, record dates, redemption provisions, denominations, provisions for payments by wire transfer and provision 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, of the Act or of the Amended and Restated Ordinance.

The Bond Committee or the Director of Finance, is further authorized, on behalf of the City, to the extent otherwise permitted by law, to enter into a Qualified Swap or Swaps (or an Exchange Agreement or Agreements) or to utilize derivative financial instruments with respect to all or a portion or portions of the Bonds.

This authorization to enter into a Qualified Swap or Swaps (or an Exchange Agreement or Agreements) or to utilize derivative financial instruments shall be limited to Qualified Swaps or Exchange Agreements or derivative financial instruments approved by the Bond Committee as part of the plan of finance for the Bonds no later than the date of issuance of such Bonds. This

authorization shall constitute the requisite authorization under Section 3.12 of the Amended and Restated Ordinance. Any additional Qualified Swap or Exchange Agreements or other derivative financial instruments shall require the further approval of City Council.

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 Amended and Restated Ordinance.

The Bond Committee is authorized on behalf of the City to enter into agreements specified in the Bond Committee Determination(s) ("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 the Bonds, including, without limitation, letters of credit, liquidity facilities and bond insurance. Such Enhancement Agreements may provide for payment of the principal or purchase price of, or interest on, the 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 or acquisition.

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

The Bond Committee 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. Purposes for the Bonds. The Bonds shall be issued to refund and redeem all or any portion of the outstanding City of Philadelphia, Pennsylvania, Airport Revenue Bonds, of one or more of the following series (the "Project"): Series 1997A, Series 1998A, Series 1998B and 2005B, upon such terms and in such amounts as shall be determined by the Director of Finance (the "Refunded Bonds").

The City hereby authorizes the redemption of the Refunded Bonds in accordance with the Amended and Restated Ordinance and/or the General Airport Revenue Bond Ordinance of 1978, approved March 16, 1978 (Bill No. 1180). The Bond Committee or the Director of Finance and the Fiscal Agent are hereby authorized to take all actions necessary and appropriate to effect the redemption of the Refunded Bonds, including the issuance of required notices. Furthermore, the Bond Committee or the Director of Finance is authorized to enter into an Escrow Agreement (the "Escrow Agreement") providing for the deposit and investment of all or a portion of the Bond proceeds and other available funds of the City in amounts sufficient, together with interest thereon, if any, to defease the lien of such Refunded Bonds and providing for payment of the Refunded Bonds at maturity or redemption, as applicable, including all interest payable on such Refunded Bonds to such maturity or redemption dates, as applicable.

The Bonds may have a delivery date which occurs in a fiscal year which succeeds the fiscal year in which the sale date of such Bonds occurred.

The proceeds of the Bonds required for the defeasance of obligations to be refunded or otherwise defeased, as specified herein, may be deposited in an escrow fund or account to be established pursuant to the Escrow Agreement.

The proceeds of the sale of the Bonds shall be used to pay all "Project Costs" as such term is defined in the Act, including, but without limitation, the establishment of the sinking fund reserve required by, and other funds permitted by, the Amended and Restated Ordinance, and the payment of the costs of the issuance of the Bonds.

SECTION 3. Pledge of Passenger Facility Charges. The City is hereby authorized to pledge for the security and payment of the Bonds issued to refund the Series 1998B Bond (the "Refunding 1998B Bonds") and is further authorized to grant to the holders of the Refunding 1998B Bonds a lien and security interest in Passenger Facility Charges ("PFCs"), to the extent available. Such a pledge shall be equal to one hundred percent of the annual amount of the PFC-eligible portion of the debt service on the Refunding 1998B Bonds, as approved by the Federal Aviation Administration ("FAA"); provided, however, that at no time shall the amount pledged with regard to such Refunding 1998B Bonds, any outstanding maturities of the Series 1998B Bond, and the Series 2001A Bond in any year exceed the lesser of (a) seventy percent of the amount of each PFC actually paid to the City in that year, or (b) seventy-five percent of total debt service on such Bonds in that year. Such PFCs, after receipt by the City and to the extent so pledged by the City, shall be deposited into the PFC sub-account of the Sinking Fund associated with such Refunding 1998B Bonds at least semi-annually.

The City covenants that, until the Refunding 1998B Bonds are no longer outstanding, it will take no action which it reasonably believes would impair the ability of the City to impose, use, or pledge PFCs in connection with the Refunding 1998B Bonds pursuant to Subpart E of Part 158, 14 CFR.

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

The City of Philadelphia, Pennsylvania (the "City"), for value received, hereby promises to pay in lawful money of the United States of America to the Registered Owner hereof, or registered assigns, on the Maturity Date specified above, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price shall have been made or provided for, from the rentals, revenues and moneys of the City pledged for the payment hereof pursuant to the Amended and Restated General Airport Revenue Bond Ordinance (Bill No. 950282 signed by the Mayor on June 16, 1995) of the City, as supplemented and amended (the "Amended and Restated Ordinance") but solely therefrom and not otherwise, upon surrender hereof, the Principal Sum hereof, and to pay interest on such Principal Sum in like money, but solely from said rentals, revenues and moneys aforesaid, by check or draft mailed to the person in whose name this Bond is registered at his or her address as it appears on the bond register at the close of business on the [last] day (regardless of whether it is a Business Day) of the calendar month next preceding such interest payment date (the "Record Date"), from the date hereof, for any Bond authenticated prior to the Record Date with respect to the first interest payment, otherwise from the interest payment date next preceding the date of authentication thereof, unless the date of such authentication is an interest payment date, in which case, from the date of such authentication, or unless the date of authentication is after any Record Date and before the following interest payment date, in which case the Bond shall bear interest from the following interest payment date, payable initially on _____ and thereafter on each _____ and _____ until payment of such Principal Sum, or provision therefor, shall have been made upon redemption or at or after maturity, at the Interest Rate shown hereon. The principal or redemption price of this Bond is payable upon surrender thereof at the principal Philadelphia office of U.S. Bank National Association, successor to Wachovia Bank, National Association, Fiscal Agent of the City, in Philadelphia, Pennsylvania, or at the principal Philadelphia office of any successor Fiscal Agent appointed under the Amended and Restated Ordinance. At the option of the Registered Owner of at least \$1,000,000 in aggregate principal amount of bonds subject to or issued pursuant to the Amended and Restated Ordinance, upon written request to the Fiscal Agent, at least three days prior to the Record Date, interest due shall be payable by wire transfer to an account at a financial institution in the United States specified in writing. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner on the relevant Record Date and such defaulted interest shall be paid to the person in whose name this Bond is registered at the close of business on a special record date (the "Special Record Date"). Such Special Record Date shall be fixed by the Fiscal Agent whenever moneys become available for the payment of the defaulted interest, and notice of the Special Record Date and payment date shall be given by mail to the Registered Owners of the Bonds not less than 10 days prior to the Special Record Date.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Bond shall not be entitled to any benefit under the Amended and Restated Ordinance or be valid or become obligatory for any purpose until this Bond shall have been duly executed by the Fiscal Agent.

IN WITNESS WHEREOF, the CITY OF PHILADELPHIA has caused this Bond to be properly executed by its Fiscal Agent, by two duly authorized officers thereof, and the facsimile of the seal of the City of Philadelphia to be imprinted hereon, and to be duly countersigned and attested by a facsimile signature of the City Controller, and to be dated.

Dated: CITY OF PHILADELPHIA
By: U.S. Bank National Association
Fiscal Agent

Countersigned and Attested by By: Authorized Signatory

(facsimile signature) By: Authorized Signatory
City Controller

(SEAL)

[END OF BOND FRONT]

FORM OF ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please type or print name, address (including postal zip code) and Social Security or other identification number of the transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ his/her attorney to transfer said Bond on the books of the transfer agent with full power of substitution in the premises.

Dated: _____ Notice: The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature guarantee: _____
(Type or Print Name)

(Signature)

NOTICE: Signature must be guaranteed by an approved, eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guarantee program.

[TEXT - BACK OF BOND]

This Bond is one of a duly authorized issue of bonds of the City designated as its Airport Revenue Refunding Bonds of the Series designated hereon (the "Bonds"), limited in aggregate principal amount to \$_____, issued or to be issued pursuant to The First Class City Revenue Bond Act (Act No. 234 of the Pennsylvania General Assembly approved October 18, 1972, 53 P.S. §§15901 et. seq.) (the "Act") under the Amended and Restated Ordinance and the Ninth Supplemental Ordinance approved _____. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Amended and Restated Ordinance. The Bonds, together with all previous bonds of the City, heretofore issued under the General Airport Revenue Bond Ordinance of 1978 (Bill No. 1180 approved March 16, 1978) (the "1978 Ordinance") and under previous supplemental ordinances thereto and made subject to the Amended and Restated Ordinance, all previous parity bonds of the City, if any, heretofore issued under the Amended and Restated Ordinance and under previous supplemental ordinances thereto and together with all parity bonds of the City hereafter issued under the Amended and Restated Ordinance and all subsequent supplemental ordinances (other than Subordinate Obligations), are and will be equally and ratably secured under the Amended and Restated Ordinance by a pledge of Pledged Amounts which shall include Project Revenues defined to include revenues, rents, rates, tolls or other charges imposed and moneys received by or on behalf of the City from or in connection with the ownership and operation of the Airport System (exclusive of certain revenues as described in the Amended and Restated Ordinance), as more fully defined in the Amended and Restated Ordinance, together with certain other amounts as set forth in the Amended and Restated Ordinance [INSERT IF PFCs ARE PLEDGED TO THE REFUNDING 1998B BONDS: provided, however, that certain passenger facility charges described in the Ninth Supplemental Ordinance which comprise a portion of Pledged Amounts are pledged to the Refunding 1998B Bond and are to be deposited directly into the Sinking Fund to pay debt service on the Refunding 1998B Bonds]. The Amended and Restated Ordinance generally requires amounts on deposit in the Aviation Operating Fund, including Project Revenues, to be applied in order of priority to certain operating and net operating expenses, sinking fund payments and to maintain or provide a sinking fund reserve, to make deposits into the Renewal Fund, to make certain deposits in connection with Subordinate Obligations, payment of general obligation bonds of the City adjudged to be self-liquidating from the revenues of the Airport System, interdepartmental charges, and debt service on other general obligation bonds issued for the Airport System with any balances to be used at the written direction of the City for any Airport System purposes.

The City covenants, so long as this Bond shall remain outstanding, it will pay or cause to be paid from the pledged Amounts Available for Debt Service deposited in the Sinking Fund, and other amounts available therefor, the principal of, redemption premium, if any, and interest on this Bond as the same shall become due and payable.

Reference is hereby made to the Amended and Restated Ordinance for a statement of the terms and conditions under which previous bonds, have been issued or become subject thereto, under which the Bonds are issued and under which additional bonds will be issued, and for a statement of the particular rentals, revenues and moneys pledged for the security and payment of all bonds issued under or made subject to the Amended and Restated Ordinance, the nature, extent and manner of enforcement of the security, the terms and conditions under which the Amended and Restated Ordinance may be amended or modified, and the rights of the Registered Owners of the Bonds with respect to such security. The City hereby represents to and covenants with the Registered Owner of this Bond that no airport revenue bonds of the City have been or will be issued for the payment of which the holder has or shall have a prior lien on or security interest in the revenues pledged for the payment of this Bond or a prior right to payment therefrom and that all airport revenue bonds which have been or will be equally and ratably secured by such pledged revenues have been and will be issued in accordance with the provisions of the Amended and Restated Ordinance. However, nothing herein contained shall be construed to prevent the City from financing airport projects by the issuance of its general obligation bonds or special facility revenue bonds or by the issuance of airport revenue bonds under other authorizations, for the payment of which project revenues of the Airport System may be pledged, subject and subordinate in each fiscal year to the prior payment from such revenues of all principal, premium, interest and sinking fund requirements payable during such fiscal year under the Amended and Restated Ordinance in respect of airport revenue bonds issued and outstanding thereunder.

In the manner and upon the terms and conditions provided in the Amended and Restated Ordinance,

[insert specified provisions with respect to redemption, including, if applicable,
mandatory redemption]

If less than an entire year's maturity is to be redeemed at any particular time, the Bonds or portions thereof to be redeemed shall be chosen by the Fiscal Agent by lot.

Each such redemption shall be made after notice by first class mail, postage prepaid, to each Registered Owner of Bonds to be redeemed at such Registered Owner's registered address as it appears in the bond register, mailed not less than thirty (30) or more than sixty (60) days prior to the date fixed for redemption. Notice having been given as required by the Amended and Restated Ordinance or irrevocable instructions to give such notice having been delivered to the Fiscal Agent, irrevocable instruction having been delivered to the Fiscal Agent to pay said Bonds or portions thereof and funds having been deposited in the Sinking Fund prior to the date fixed for redemption, all interest on such Bonds or portions thereof shall cease from such redemption date, and the holders or Registered Owners of the Bonds called for redemption shall have no security, benefit or lien under the Amended and Restated Ordinance or any right except to receive payment of the redemption price.

If, at the time of mailing notice of redemption, there shall not have been deposited with the Fiscal Agent moneys sufficient to redeem the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of redemption moneys with the Fiscal Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

This Bond is transferable and exchangeable by the Registered Owner hereof in person or by his attorney duly authorized in writing, at the office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Amended and Restated Ordinance, and upon surrender and cancellation of this Bond. Upon any such transfer or exchange, the City shall issue in the name of the transferee or of the Registered Owner hereof, and shall deliver in exchange for this Bond, to or upon the order of such Registered Owner, a new registered bond or new registered bonds in authorized denominations aggregating the principal amount hereof, maturing on the same date and bearing interest at the same rate as this Bond, and bearing the same designation as to series or subseries as this Bond.

Under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), this Bond, and the interest hereon shall at all times be free from taxation within the Commonwealth, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on this Bond or the interest thereon. Profits, gains or income derived from the sale, exchange or other disposition of this Bond are subject to state and local taxation.

The City, the Fiscal Agent and any paying agent may treat the person in whose name this Bond is registered as the absolute

owner hereof for all purposes whether or not this Bond or any installment of interest be overdue, and neither the City, the Fiscal Agent nor any paying agent shall be affected by any notice to the contrary. All payments of the principal, or premium upon redemption, of this Bond or of interest hereon to such Registered Owner in the manner herein and in the Amended and Restated Ordinance set forth shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid whether or not notation of the same be made hereon, and any consent, waiver or other action taken by such Registered Owner pursuant to the provisions of the Amended and Restated Ordinance shall be conclusive and binding upon such Registered Owner, his heirs, successors or assigns, and upon all transferees hereof whether or not notation thereof be made hereon or on any bond issued in exchange or transfer hereof.

In case a payment event of default, as described in the Amended and Restated Ordinance, shall occur, the principal of all Bonds then outstanding under the Amended and Restated Ordinance may be declared or may become due and payable and any such declarations may thereafter be annulled, all upon the conditions and in the manner and with the effect provided in the Amended and Restated Ordinance and in the Act.

This Bond is a special obligation of the City payable solely from the pledged rentals, revenues and moneys and neither the credit nor the taxing power of the City is pledged for the payment of the principal of or interest on this Bond, nor shall this Bond be or be deemed to be a general obligation of the City.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Act and under the Amended and Restated Ordinance precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance and delivery of this Bond have been duly authorized by Ordinance of the City duly adopted.

[Insert Statement of Insurance, if applicable.]

[END OF BOND FORM]

SECTION 9. Continuing Disclosure. The Director of Finance is authorized on behalf of the City to execute and deliver a continuing disclosure agreement meeting the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5). The City covenants and agrees that it will comply with and carry out all of the provisions of such continuing disclosure agreement.

SECTION 10. Elections Under the Amended and Restated 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 Amended and Restated 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 11. Effect of Ordinance. This Ordinance is supplementary to the Amended and Restated Ordinance and all sections of the Amended and Restated Ordinance and the Act not inconsistent herewith are applicable to the Bonds authorized hereunder. All definitions of terms contained in the Act or the Amended and Restated Ordinance shall apply to such terms in this Ordinance.

EXHIBIT A

FORM OF OPINION OF CITY SOLICITOR

(215) 683-5003 (Tel.)

(215) 683-5068 (Fax)

May ____, 2008

Honorable Anna C. Verna, President

City Council of Philadelphia

494 City Hall

Philadelphia, PA 19107

Re: General Airport Revenue Refunding Bonds Series 2008
Ninth Supplemental Ordinance (Bill No. _____)

Dear Council President Verna:

The office of the City Solicitor has reviewed The First Class City Revenue Bond Act, the Amended and Restated General Airport Revenue Bond Ordinance of 1995 (Bill No. 1099) approved June 16, 1995, as supplemented (the "General Ordinance") and the proposed Ninth Supplemental Ordinance thereto, Bill No. _____ (the "Ninth Supplemental Ordinance"). The General Ordinance and the Ninth Supplemental Ordinance authorize the issuance and sale of one or more series or subseries of General Airport Revenue Bonds (the "Bonds") of the City of Philadelphia in the maximum principal amount of Three Hundred Twenty Million Dollars (\$320,000,000).

Based on that review, it is my opinion that under the General Ordinance and the Ninth Supplemental Ordinance, as introduced in Council, the registered owners of any series or subseries of the Bonds will have no claim upon the taxing power or general revenues of the City of Philadelphia, nor will they have any lien upon any property of the City of Philadelphia other than the Project Revenues (as defined in the General Ordinance) and the funds properly pledged to such registered owners pursuant to the terms and conditions of the General Ordinance and the Ninth Supplemental Ordinance.

Sincerely,

Shelley R. Smith
City Solicitor