

Legislation Text

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Authorizing and approving (i) the execution and delivery of a Service Agreement between the City of Philadelphia and the Redevelopment Authority relating to a comprehensive neighborhood transformation program for revitalization, renewal, redevelopment and transformation of blighted areas within the City of Philadelphia and other activities to promote the health, safety and welfare of the residents of the City of Philadelphia; (ii) the issuance by the Redevelopment Authority of bonds, notes or other evidence of indebtedness in one or more series, to pay the costs of the neighborhood transformation program; and (iii) the obligation of the City of Philadelphia to pay in full when due the Service Fee and other amounts payable under the Service Agreement; authorizing certain City officers to take certain actions required to issue bonds; covenanting that the City of Philadelphia will make necessary appropriations in each of the City's fiscal years to provide for Service Fee and other amounts due under the Service Agreement; and covenanting that the City of Philadelphia will make payments of the Service Fee and other amounts due under the Service Agreement; all under certain terms and conditions.

IMPORTANT NOTE: DUE TO COMPLEX FORMATTING CONTAINED WITHIN THIS DOCUMENT, ALL PRINTED VERSIONS OF THIS DOCUMENT SHOULD BE PRINTED USING THE FILES UNDER THE ATTACHMENT OPTION (TextFile01069400 (Pink Bill) TextFile01069401 (Amended Pink Bill).doc) ONLY!! THESE VERSIONS HAVE BEEN PROPERLY FORMATTED FOR PRINTING.

WHEREAS, The City of Philadelphia (the "City") and the Redevelopment Authority of the City of Philadelphia (the "RDA") have determined that the RDA will, at the direction and with the cooperation of the City, undertake a comprehensive neighborhood transformation program for revitalization, renewal, redevelopment and transformation of blighted areas within the City and other activities to promote the health, safety and welfare of the residents of the City (the "Program"); and

WHEREAS, The City is authorized by the Redevelopment Cooperation Law, 35 P.S. §1741 et seq., as amended (the "Redevelopment Cooperation Law"), to enter into agreements with the RDA respecting action to be taken by the City pursuant to any of the powers granted by the Redevelopment Cooperation Law; to make such appropriations to the RDA as is deemed necessary to assist the RDA in carrying out its public purposes; and to designate the RDA as the City's agent within the RDA's field of operation to perform any specified activity or to administer any specified program which the City is authorized by law to do in furtherance of the public purposes specified in the Urban Redevelopment Law, 35 P.S. §1701 et seq., as amended (the "Urban Redevelopment Law"), including, without limitation, redevelopment, renewal, rehabilitation, housing, conservation, urban beautification or comprehensive programs for the development of entire sections or neighborhoods; and

WHEREAS, The Council of the City of Philadelphia has, by this Ordinance, determined that it is in the best interests of the City to authorize and approve (i) the execution and delivery of a Service Agreement (the "Service Agreement") by and between the City and the RDA; (ii) the issuance by the RDA of bonds, notes or other evidence of indebtedness in such amount as will be supported by an Annual Debt Service Requirement (as defined in the Service Agreement) of \$20 million, in one or more series, to pay the costs of the Program together with amounts necessary for any reserves, capitalized interest, costs of issuance and costs of credit or liquidity enhancement; and (iii) the obligation of the City to pay in full when due the Service Fee and other

amounts payable under the Service Agreement; and

WHEREAS, The City and the RDA are authorized by the Urban Redevelopment Law and the Redevelopment Cooperation Law to enter into the Service Agreement and to undertake the Program; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Council of the City of Philadelphia hereby authorizes and approves: (i) the execution and delivery of a Service Agreement (the "Service Agreement"), substantially in the form of Exhibit A hereto, with the Redevelopment Authority of the City of Philadelphia (the "RDA"); (ii) the issuance by the RDA of bonds, notes or other evidence of indebtedness (the "Bonds") in such amount as will be supported by an Annual Debt Service Requirement (as defined in the Service Agreement) of \$20 million (provided that no more than \$160 million of Bond proceeds shall be used for demolition), in one or more series, to pay the costs of the Program together with amounts necessary for any reserves, capitalized interest, costs of issuance and costs of credit or liquidity enhancement; and (iii) the obligation of the City to pay in full when due the Service Fee payable under the Service Agreement (the "Service Fee") and other amounts payable under the Service Agreement.

SECTION 2. The Director of Finance is hereby authorized to execute and deliver, on behalf of the City, the Service Agreement in substantially the form of Exhibit A hereto, with such changes as the City Solicitor shall advise and the Director of Finance shall approve, consistent with the terms of this Ordinance. No amendment or supplement to the Service Agreement (other than an amendment or supplement relating to a series of Additional Bonds (as defined in the Service Agreement) which does not cause the Annual Debt Service Requirement (as defined in the Service Agreement) to exceed \$20 million) shall be executed unless first approved by ordinance of Council.

SECTION 3. The Service Agreement authorized by this Ordinance shall be executed in conjunction with the issuance by the RDA of its Bonds for the purpose of funding the Program, in such amount as will result in an Annual Debt Service Requirement (as defined in the Service Agreement) not in excess of \$20 million. Subject to the provisions of Section 7 hereof, the proceeds of such Bonds shall be applied to the funding of the Program (provided that no more than \$160 million of Bond proceeds shall be used for demolition), to the funding of required reserves, if any, capitalized interest, if any, and to payment of costs of issuance and costs of credit and/or liquidity enhancement. The Bonds shall not be executed or delivered until the Director of Finance has approved the terms thereof. No series of Bonds shall be issued more than seven years after the effective date of this Ordinance, and no series of Bonds shall mature later than thirty years after the date of execution and delivery of the Service Agreement.

SECTION 4. The Director of Finance 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 to take all actions as may be required by the Constitution and the laws of the Commonwealth in order to issue the Bonds.

SECTION 5. The City covenants to make appropriations beginning in Fiscal Year 2002 in each and every fiscal year in such amounts as shall be required in order to make all Service Fee payments and all other amounts due and payable under the Service Agreement.

SECTION 6. As long as Bonds issued by the RDA to finance costs of the Program are outstanding, the City

covenants unconditionally to make all Service Fee payments and all other amounts due as provided for under the Service Agreement directly to any trustee (the “Trustee”) to which the Service Fee may be assigned as security for payment of the Bonds and the obligations of the RDA under any credit facility and/or liquidity facility securing the Bonds or any interest rate swap or similar agreement relating to the Bonds, only 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 set-off, recoupment or counterclaim that the City may have against the RDA 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 circumstances or occurrence that may arise after the date thereof.

SECTION 7. The Service Agreement authorized by this Ordinance shall provide that no Bond proceeds shall be spent except in accordance with the provisions of this Section 7, and shall further provide that City Council is an intended beneficiary of such provision and may sue for its specific enforcement.

(a) The Mayor shall submit to Council for its approval by resolution the following items:

(i) A detailed Program Statement setting forth plans for expenditure of Bond proceeds and any other source of funds to be used for the Program. At least sixty days before the Mayor submits the Program Statement to Council for its approval by resolution, the Mayor shall send to each member of Council a preliminary Program Statement in the same detail that will be contained in the final Program Statement for which the Mayor will request approval of Council.

(ii) A detailed plan for reorganization of the City’s housing agencies.

(iii) A report setting forth the findings and recommendations of Hill International, the City’s Project Manager, or any successor thereto, resulting from its completion of Phase I and Phase II of its consulting contract.

(iv) An economic opportunity plan for the participation of Minority Owned Disadvantaged Business Enterprises, Female Owned Disadvantaged Business Enterprises, and Disabled Owned Disadvantaged Business Enterprises (as those terms are defined in Section 17-501 of The Philadelphia Code) in all work to be performed as part of the Program. Such plan shall provide for the selection by the President of Council of a person or organization to monitor compliance with the plan.

(b) Prior to each operating year of the Program, the RDA shall submit to Council for its approval by resolution an annual budget setting forth proposed Program expenditures for the upcoming operating year in such form and detail as is acceptable to Council. Such line-item budget shall be consistent with the Program Statement approved pursuant to subsection (7)(a)(i), and shall include provision for a City Council Project Manager. After it is approved, the annual line-item budget may be amended only with the approval of Council by resolution.

(c) A Project Review Team is hereby created, consisting of one member to be appointed by the Mayor and one member to be appointed by the President of Council, each of whom shall serve at the pleasure of the appointing authority. Whenever this Ordinance requires the approval of the Project Review Team, such approval shall consist only of the written approval of both members of the Project Review Team. Before approving or disapproving any matter for which the approval of the Project Review Team is required, the member of the Project Review Team appointed by the President of Council (“President’s appointee”) shall first

provide each District Councilperson whose district is directly affected by such matter the immediate opportunity to meet with the Project Review Team, at the discretion of the District Councilperson, in order for the District Councilperson to review, comment upon and make recommendations concerning such matter, and the President's appointee shall not approve any matter for which the approval of the Project Review Team is required without first obtaining written authorization from each District Councilperson whose district is directly affected by such matter.

(d) No proceeds of any Bonds may be expended for the Program, or for the funding of required reserves, if any, or for capitalized interest, if any, or for payment of costs of issuance and costs of credit and/or liquidity enhancement until all approvals required under subsection (7)(a) have been obtained, and except in accordance with an annual line-item budget approved in accordance with subsection (7)(b), except:

(i) Bond proceeds may be used at any time for the demolition of buildings that are declared by a public authority to be "imminently dangerous." Before making any such expenditure outside of an approved line-item budget, the RDA shall provide the Project Review Team with at least five (5) days' notice, except that if immediate demolition is required to protect public safety, the RDA shall provide the Project Review Team as much notice as is practicable in the circumstances. Such required notices to the Project Review Team shall include a list of buildings by address and documentation of an "imminently dangerous" declaration for each such building.

(ii) With the approval of the Project Review Team, expenditures may be made at variance with an approved annual line-item budget, provided such changes do not affect more than ten percent (10%) of any line-item.

(iii) Start-up expenditures of \$20 million may be made prior to approval of the first annual line-item budget, provided that the provisions of subsections 7(e) and 7(f) shall apply to such expenditures as if they were being made under an approved annual line-item budget.

(e) Any bid package for work funded by Bond proceeds through an approved annual line-item budget shall be approved by the Project Review Team prior to release, and no contract shall be awarded for any such work without the approval of the Project Review Team, except that approval of the Project Review Team shall not be required for any contract awarded by the City to the lowest responsible bidder pursuant to a bid package approved by the Project Review Team.

(f) No real estate or any interest in any real estate shall be acquired with the proceeds of any Bonds until the Mayor shall have submitted to Council and Council shall have approved by resolution a Land Bank management program, unless Council shall have specifically approved such acquisition by resolution or ordinance. The approval of the Project Review Team shall not be required for any acquisition of real estate or any interest in real estate in accordance with this subsection 7(f).

(g) The RDA shall submit a quarterly report to the Project Review Team summarizing all expenditures made during the previous quarter by budget category.

(h) The provisions of this Section 7 are not severable from the remaining provisions of this Ordinance, but are essentially and inseparably connected with all other provisions of this Ordinance. 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 all provisions of this Section 7 were a valid part of such enactment.

Draft 12-10-01

SERVICE AGREEMENT
BETWEEN
REDEVELOPMENT AUTHORITY OF THE CITY OF PHILADELPHIA
AND
CITY OF PHILADELPHIA, PENNSYLVANIA
Dated as of _____, 2001

CITY OF PHILADELPHIA
Neighborhood Transformation Program
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