

Legislation Text

File #: 130811, **Version:** 1

Authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into ground lease and sublease agreements with the Philadelphia Authority for Industrial Development for certain land and improvements located on a parcel of land bounded by South Broad Street to the east, Castle Avenue to the south, 15th Street to the west, and Morris Street to the north, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property, on behalf of the City of Philadelphia, is hereby authorized to enter into ground lease and sublease agreements, as a ground lessor and a sublessee, with the Philadelphia Authority for Industrial Development for certain land and improvements located on a parcel of land bounded by South Broad Street to the east, Castle Avenue to the south, 15th Street to the west, and Morris Street to the north, pursuant to the general transaction structure set forth in Exhibit “A” attached hereto.

SECTION 2. The City Solicitor is authorized to include in the ground lease and sublease agreements such terms and conditions as in the opinion of the City Solicitor shall be necessary and proper to protect the interests of the City.

Exhibit A

Terms of Proposed Ground Lease and Sublease Agreements between the City of Philadelphia and the Philadelphia Authority for Industrial Development for the land and improvements on a parcel of land bounded by South Broad Street to the east, Castle Avenue to the south, 15th Street to the west, and Morris Street to the north (“Property”)

1. Exhibit “A” Definitions:

“**PAID**” means the Philadelphia Authority for Industrial Development

“**CHOP**” means The Children’s Hospital of Philadelphia

“**CHOP, LP**” means a limited Partnership that will be formed by CHOP

“**Facility Improvements**” means a combined medical facility, recreation center, and library facility. When complete the Facility Improvements will contain: City Health Center 2, the South Philadelphia Branch of the Free Library, a Recreation Center and the Di Silvestro Playground, and a medical facility operated by CHOP.

2. Basic Structure of Lease and Sublease Transactions: Through PAID, the City will Ground Lease the Property to CHOP, LP and CHOP, LP will demolish the existing improvements on the Property and

construct the Facility Improvements. Through PAID, CHOP, LP will then sublease portions of the Facility Improvements to the City. Below are the required Leases and Subleases:

- (a) The City will ground lease the Property to PAID (the “Ground Lease”)
- (b) PAID will ground sublease the Property to CHOP, LP
- (c) CHOP, LP will demolish most existing improvements and construct the Facility Improvements
- (d) CHOP, LP will lease the City’s portion of the Facility Improvements to PAID (the “City Portion”)
- (e) CHOP, LP will lease CHOP’s portion of the Facility Improvements to CHOP
- (f) PAID will sublease the City’s Portion of the Facility Improvements to the City (the “Sublease”)

3. Term: The term of ground lease and sublease agreements shall be at least thirty (30) years and may be extended for an aggregate term not to exceed ninety-nine (99) years.

4. Annual Base Rent: \$10.00

5. Additional Rent, Maintenance, Repairs, and Utilities: The City and CHOP will be responsible for the costs of maintenance, repairs and utilities associated with their respective areas of the Facility Improvements. The City and CHOP will share responsibility for the cost of maintenance, repairs and utilities for the common areas of the Facility Improvements in accordance with their pro rata shares.

6. Ownership of Facility Improvements: Throughout the term, CHOP, LP will own the Facility Improvements, and at the end of the term, title will revert to PAID and then to the City.