



Legislation Details (With Text)

File #: 230251 **Version:** 0 **Name:**
Type: Bill **Status:** ENACTED
File created: 3/30/2023 **In control:** Committee on Finance
On agenda: **Final action:** 5/11/2023

Title: Authorizing and approving (i) the execution and delivery of one or more supplements to an existing service agreement (or a new service agreement on substantially the same terms) between The City of Philadelphia and the Philadelphia Redevelopment Authority relating to a comprehensive neighborhood transformation program; (ii) the issuance by the Philadelphia Redevelopment Authority, from time to time, of bonds, notes or other evidence of indebtedness to refund bonds, notes or other evidence of indebtedness issued to refinance such neighborhood transformation program; and (iii) the obligation of The City of Philadelphia to pay the amounts payable under such service agreement; authorizing certain City officers to take certain actions required to issue bonds, notes or other evidence of indebtedness; confirming covenants that The City of Philadelphia will make necessary appropriations and payment each year to provide for the amounts due under such service agreement as so supplemented; and making such covenants with respect to such new service agreement; all under certain terms and conditions.

Sponsors: Council President Clarke, Councilmember Squilla

Indexes: NEIGHBORHOOD TRANSFORMATION INITIATIVE

Code sections:

Attachments: 1. Bill No. 23025100.pdf, 2. CertifiedCopy23025100

Date	Ver.	Action By	Action	Result	Tally
5/15/2023	0	MAYOR	SIGNED		
5/11/2023	0	CITY COUNCIL	READ AND PASSED	Pass	14:0
5/4/2023	0	CITY COUNCIL			
5/4/2023	0	CITY COUNCIL			
5/4/2023	0	CITY COUNCIL			
5/1/2023	0	Committee on Finance	HEARING NOTICES SENT		
5/1/2023	0	Committee on Finance	HEARING HELD		
5/1/2023	0	Committee on Finance	REPORTED FAVORABLY, RULE SUSPENSION REQUESTED		
3/30/2023	0	CITY COUNCIL			

Authorizing and approving (i) the execution and delivery of one or more supplements to an existing service agreement (or a new service agreement on substantially the same terms) between The City of Philadelphia and the Philadelphia Redevelopment Authority relating to a comprehensive neighborhood transformation program; (ii) the issuance by the Philadelphia Redevelopment Authority, from time to time, of bonds, notes or other evidence of indebtedness to refund bonds, notes or other evidence of indebtedness issued to refinance such neighborhood transformation program; and (iii) the obligation of The City of Philadelphia to pay the amounts payable under such service agreement; authorizing certain City officers to take certain actions required to issue bonds, notes or other evidence of indebtedness; confirming covenants that The City of Philadelphia will make necessary appropriations and payment each year to provide for the amounts due under such service agreement as so supplemented; and making such covenants with respect to such new service agreement; all under certain

terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Council of The City of Philadelphia (the “City”) hereby authorizes and approves: (i) the execution and delivery of one or more supplements (each a “Supplement”) to the Service Agreement dated April 15, 2002 (as amended and supplemented, the “Service Agreement”), with the Philadelphia Redevelopment Authority (the “PRA”); (ii) the issuance by the PRA, from time to time, of bonds, notes or other evidence of indebtedness (the “Refunding Bonds”) in one or more series, either as taxable or tax-exempt obligations, to pay the costs of the refunding of all or a portion of the PRA’s revenue refunding bonds, notes or other evidence of indebtedness (collectively, and inclusive of Refunding Bonds approved hereby, the “NTI Bonds”) issued previously or hereafter from time to time to refinance the Program as defined in Ordinance (Bill No. 020036) of the Council of the City, approved by the Mayor on March 13, 2002 (the “2002 Ordinance”), together with amounts necessary for any reserves, funded interest, costs of issuance and costs of credit or liquidity enhancement and financial derivative products, and amounts necessary to effect any refunding, subject to the limitation that the Annual Debt Service Requirement (as defined in the Service Agreement) not increase to more than \$20 million as a result of any such refunding, net of debt service payable from amounts available in any escrow or similar fund established in connection with a refunding and available to pay debt service on the refunded bonds; 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. Refunding Bonds may refund NTI Bonds at maturity, through redemption, by tender or purchase, or otherwise.

SECTION 2. The Director of Finance is hereby authorized to execute and deliver, on behalf of the City, each Supplement, in such form as the City Solicitor shall advise and the Director of Finance shall approve, consistent with the terms of this Ordinance, the 2011 Ordinance (defined below) and the 2002 Ordinance. A Supplement which causes the Annual Debt Service Requirement to increase to more than \$20 million as a result of any refunding, taking into account amounts available in any escrow or similar fund established in connection with a refunding and available to pay debt service on the refunded bonds, may only be executed if first approved by further ordinance of the Council of the City.

SECTION 3. The proceeds of each series of the Refunding Bonds shall be applied to the refunding of all or a portion of the outstanding NTI Bonds, together with amounts necessary for any reserves, funded interest, costs of issuance and costs of credit or liquidity enhancement and financial derivative products, and amounts necessary to effect any refunding. The Refunding Bonds shall not be executed or delivered until the Director of Finance has approved the terms thereof. No series of Refunding Bonds shall mature later than thirty years after the date of original execution and delivery of the Service Agreement unless approved by further ordinance of the Council of the City.

SECTION 4. The Director of Finance, 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, without limitation, one or more continuing disclosure agreements, letters of representation, continuing covenant agreements, escrow agreements, reimbursement agreements for any lines or letters of credit, and intergovernmental or other cooperation agreements with the PRA and/or other appropriate parties, as directed by the Director of Finance) as may be necessary in order to accomplish the intent and purpose of this Ordinance, and to take all actions as may be required by the Constitution, the laws of the Commonwealth of Pennsylvania or otherwise in order to effectuate the refinancing approved hereby and the issuance of the Refunding Bonds.

SECTION 5. The City hereby confirms its covenant in the 2002 Ordinance to make appropriations beginning in Fiscal Year 2002 and in each and every fiscal year thereafter 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. The City hereby covenants to continue to budget such amounts in Fiscal Year 2024 and in each and every fiscal year hereafter.

SECTION 6. The City confirms its covenant in the 2002 Ordinance to, as long as NTI Bonds are outstanding, unconditionally 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 has been or may be assigned as security for payment of the NTI Bonds and the obligations of the PRA under any credit facility and/or liquidity facility securing any NTI Bonds or any interest rate swap or similar agreement relating thereto, 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 PRA 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. In the alternative, at the option of the Director of Finance, the Council of the City hereby authorizes and approves: (i) the execution and delivery of a new service agreement (the “New Service Agreement”) with the PRA to provide for the payment of a service fee (the “New Service Fee”) with respect to the debt service on the Refunding Bonds; and (ii) the obligation of the City to pay in full when due the New Service Fee and other amounts payable under the New Service Agreement; provided, that the Annual Debt Service Requirement for all bonds secured by service fees paid under the Service Agreement and the New Service Agreement not increase to more than \$20 million in the aggregate as a result of any such refunding, net of debt service payable from amounts available in any escrow or similar fund established in connection with a refunding and available to pay debt service on the refunded bonds. The Director of Finance is hereby authorized to execute and deliver, on behalf of the City, (i) the New Service Agreement, in substantially the form of the Service Agreement, with such changes thereto as the City Solicitor shall advise and the Director of Finance shall approve, consistent with the terms of this Ordinance, the 2011 Ordinance, and the 2002 Ordinance and (ii) any amendments or supplements to the New Service Agreement required in connection with the issuance of a series of Refunding Bonds in such form as the City Solicitor shall advise and the Director of Finance shall approve; provided that any amendment or supplement to the New Service Agreement which causes the Annual Debt Service Requirement for all bonds secured by service fees paid under the Service Agreement and the New Service Agreement to increase to more than \$20 million in the aggregate as a result of any refunding, taking into account amounts available in any escrow or similar fund established in connection with a refunding and available to pay debt service on the refunded bonds, may only be executed if first approved by further ordinance of the Council of the City. With respect to the New Service Fee payments and all other amounts due and payable under the New Service Agreement, the City hereby makes the covenants described in Sections 5 and 6 of this Ordinance.

SECTION 8. The City hereby agrees and confirms its prior agreements, as applicable, to be bound by each and every term of the Service Agreement or New Service Agreement.

SECTION 9. This Ordinance shall not be construed to limit the authorizations pursuant to Ordinance (Bill No. 110773) of the Council of the City, approved by the Mayor on December 21, 2011 (the “2011 Ordinance”).

SECTION 10. This Ordinance shall take effect immediately.