



Legislation Text

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Authorizing the Director of Finance, Commissioner of Public Property and other officials of the City to execute either directly or through the Philadelphia Authority for Industrial Development various agreements, instruments of conveyance and other transactional documents by and among the City, the Commonwealth of Pennsylvania and the Pennsylvania Convention Center Authority related to the development, construction, financing, operation and management of an expanded Pennsylvania Convention Center and including the defeasance of outstanding Pennsylvania Convention Center Authority bonds, the release of the lien of the Trust Indenture dated as of December 15, 1989, as amended and supplemented, relating to such bonds, the termination of the existing Lease and Service Agreement, the sale of the existing Convention Center building and improvements to the Philadelphia Authority for Industrial Development for further conveyance to the Commonwealth of Pennsylvania, or its designee and the execution of a long term ground lease of the land under the existing Convention Center to the Commonwealth of Pennsylvania; all under certain terms and conditions.

WHEREAS, By agreement dated December 14, 1989 (authorized by Bill No. 533 of 1989) City and the Pennsylvania Convention Center Authority (the "Authority") entered into a Lease and Service Agreement, as amended and supplemented (the "Original Lease and Service Agreement") pursuant to which, among other things, the City leased certain real property to the Authority (the "Land") and provided for the design, development, construction, operation and management of the Pennsylvania Convention Center (the "Original Convention Center") and payment by the City to the Authority of a certain service fee (the "Service Fee"). The Original Lease and Service Agreement provided that upon its termination, title to all buildings, improvements and fixtures (the "Improvements") would automatically vest in the City without the need for any further action; and

WHEREAS, the City, the Authority and the Commonwealth of Pennsylvania (the "Commonwealth") desire to expand and renovate the Original Convention Center (the "Convention Center Project"), and will undertake, or have undertaken, the development, design, construction, and operation of the expansion and renovation of the Original Convention Center consisting of the following:

A. acquisition of land for the expansion project by the Commonwealth, demolition, site preparation and the design and construction of an approximately 960,000 square foot expansion of the Original Convention Center (the "Expanded Portion," and together with the Original Convention Center, the "Convention Center"). The Expanded Portion will begin at the westerly wall of the Original Convention Center at 13th Street and proceed west to Broad Street and north from Arch Street to Race Street, excluding the Liberty Title Building; and

B. renovation of the Original Convention Center to accommodate new elevators and support space including the purchase and installation of furniture, furnishings and equipment (FF&E) for the Expanded Portion. The renovation of the Original Convention Center consists of demolishing and reconstructing approximately 30,000 square feet of the back of the Original Convention Center support spaces; and

WHEREAS, in support of the Convention Center Project, City Council has authorized or is currently considering certain legislation, including; amending Title 14 of the The Philadelphia Code by adding a new Section 14-1632 entitled Convention Center Expansion Area Special District Controls; authorizing the

Commonwealth to construct, own and maintain an overbuild on 13th Street between Race and Arch Streets; conveying the City's interest in 1328 Race Street to the Philadelphia Authority for Industrial Development (the "PAID") for further transfer to the Commonwealth; authorizing the revision of lines and grades of streets, alleys and passageways within the Expanded Portion boundaries; and authorizing the Commonwealth to construct, own and maintain encroachments into the right-of-way of the east side of North Broad Street between Arch and Race and the south side of Race between North Broad and 12th Streets; and

WHEREAS, under and pursuant to the terms and conditions of a Convention Center Agreement (the "Convention Center Agreement"), the City, the Commonwealth and the Authority intend to set forth the various roles and responsibilities of each of the parties relative to the ongoing management of the Convention Center and the undertaking of the Convention Center Project; and

WHEREAS, the Convention Center Agreement shall terminate upon the first to occur of: (i) the defeasance of the outstanding Authority bonds used to finance the Original Convention Center and the release of the lien of the Trust Indenture dated as of December 15, 1989, as amended and supplemented, relating to such bonds (the "Defeasance of Convention Center Bonds") or (ii) June 30, 2008. Upon Defeasance of Convention Center Bonds, the Original Lease and Service Agreement shall terminate and the Authority shall surrender to the City the Land and the Improvements and as otherwise provided among the parties in an agreement of termination of the Original Lease and Service Agreement ("Termination of the Lease and Service Agreement"); and

WHEREAS, upon the Defeasance of Convention Center Bonds and the surrender to the City of the Original Convention Center Land and Improvements, the City shall transfer the Improvements to PAID for further transfer to the Commonwealth, or its designee for nominal consideration and shall enter into a ground lease for nominal consideration (the "Ground Lease") with the Commonwealth, or its designee as tenant for the Land; and

WHEREAS, a new operating agreement substantially in the form attached as Exhibit B, defining the rights and responsibilities of the City, the Commonwealth and the Authority with regard to the Convention Center Project (the "New Operating Agreement") will be effective upon the expiration of the term of the Convention Center Agreement pursuant to which the City, will be required to pay an annual service fee to the Authority of \$17,486,522.00 in Fiscal Year 2008-09 and \$15,000,000.00 in Fiscal Year 2009-10 and thereafter in each fiscal year for the term of the New Operating Agreement; NOW THEREFORE,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

Section 1. The Director of Finance is authorized to enter into the Convention Center Agreement among the Commonwealth, the Authority and the City (substantially in the form attached as Exhibit A) which sets forth the various roles and responsibilities of each of the parties thereto relative to the ongoing management of the Convention Center and the undertaking of the Convention Center Project and which terminates on the effective date of the New Operating Agreement, provided that the Convention Center Agreement shall include the following provisions:

(a) The Authority shall enter into a Project Labor Agreement (Agreement) applicable to the Convention Center Project, which Agreement shall include provisions: (i) recognizing that participation by minority and women workforce is an important value for the project; (ii) requiring any union on the project to commit to achieving the aspirational goals in the approved Economic Opportunity Plan for workforce

utilization of 40% minority (25% African-American; 10% Hispanic-American and 5% Asian-American), and 10% women; (iii) providing a process for minority and women inclusion through apprenticeship and training programs for previous non-union employees; (iv) requiring at least 350 new apprentices/trainees to be employed through the unions, with quarterly progress reports on compliance with these goals filed with City Council.

(b) The Agreement shall require each participating labor union to agree to identify its membership and the demographics of its membership, to the extent permitted by law.

(c) No labor union shall be permitted to execute the Agreement unless it has entered into a Diversity Plan approved by Council by resolution, which Plan sets forth long-term inclusionary goals for minorities and women to the extent permitted by law, and providing sanctions for non-compliance.

Section 2. The Director of Finance is authorized to enter into the New Operating Agreement among the Commonwealth, the Authority and the City (substantially in the form attached as Exhibit B) which provides inter alia, for the payment by City to PCCA of \$17,486,522.00 in Fiscal Year 2008-09 and \$15,000,000.00 in Fiscal Year 2009-10 and in each fiscal year thereafter during the term of the New Operating Agreement, but not to extend beyond December 31, 2032. Council agrees to make appropriations in each of the City's fiscal years to provide for payments due under the New Operating Agreement and to the extent not appropriated in one fiscal year to appropriate in the next fiscal year.

Section 3. The Director of Finance and Commissioner of Public Property are authorized to enter into a Termination of Lease and Service Agreement between the Authority and the City providing for, among other things, the termination of the Original Lease and Service Agreement, the Defeasance of Convention Center Bonds and as otherwise required under the terms of the Original Lease and Service Agreement.

Section 4. The Commissioner of Public Property is authorized to execute and deliver a special warranty deed conveying for nominal consideration the Original Convention Center Improvements to the PAID for further conveyance to the Commonwealth, or its designee at nominal consideration.

Section 5. The Commissioner of Public Property is authorized to enter into a Ground Lease agreement for nominal consideration between City, as landlord and the Commonwealth or its designee, as tenant for the Original Convention Center Land generally bounded by Arch Street, Race Street, 13th Street and 11th Street for a term equal to that of the New Operating Agreement and providing upon termination that title to the Original Convention Center Land and Improvements revert back to the City or its designee.

Section 6. The Director of Finance, Commissioner of Public Property and other officials of the City are authorized to take all actions necessary to accomplish the intent and purpose of this Ordinance.

Section 7. The City Solicitor is hereby authorized to review and to approve all instruments and documents necessary to effectuate this Ordinance, which instruments and documents shall contain such terms and conditions as the City Solicitor shall deem necessary and proper to protect the interests of the City of Philadelphia and carry out the purpose of this Ordinance.

Section 8. The Chief Clerk of City Council shall keep on file all exhibits referenced in this Ordinance and shall make them available for inspection by the public during regular office hours.

[Note: Exhibits to this Bill are on file in the Office of the Chief Clerk.]