

## Legislation Text

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**File #:** 110876-A, **Version:** 2

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Authorizing the Director of Commerce and the Director of Finance to enter into a multi-year agreement or agreements with the Philadelphia Authority for Industrial Development (“PAID”), the Redevelopment Authority of the City of Philadelphia (“RDA”), and other parties as necessary concerning the parking garage project constructed as part of the overall Market Street East - Gallery II Redevelopment Project, including an amendment to the agreement between the City and PAID, as amended, originally authorized by Bill No. 546 (approved June 15, 1993), and further authorizing the Director of Commerce and the Director of Finance, where necessary or prudent, to enter into ancillary agreements with any or all of PAID, the RDA, Parametric Garage Associates (“Parametric”), a new lender to Parametric, and other parties under certain terms and conditions.

WHEREAS, The “Industrial Commercial Project Development Assistance Ordinance,” Bill No. 1148 (approved March 1, 1978), as amended by an Ordinance, Bill No. 1318 (approved May 19, 1978), and as further amended by an Ordinance, Bill No. 545 (approved June 15, 1993) (collectively, the “General Assistance Ordinance”), establishes a format for project-specific City financial assistance to the Philadelphia Authority for Industrial Development (“PAID”); and

WHEREAS, Pursuant to an ordinance, Bill No. 1132 (approved March 4, 1982), the Director of Commerce entered into an agreement with PAID (the “1982 Agreement”) pursuant to the General Assistance Ordinance providing for financial assistance by the City to PAID in connection with a parking garage project (“Gallery II Parking Garage Project”) constructed as part of the overall Market Street East - Gallery II Redevelopment Project; and

WHEREAS, On March 24, 1982, The Redevelopment Authority of the City of Philadelphia (the “RDA”) entered into a ground lease with Parametric Garage Associates (“Parametric”) (the “Ground Lease”) pursuant to which Parametric leased the ground upon which the Gallery II Parking Garage Project was carried out; and

WHEREAS, PAID, in consideration of such assistance, issued its Fifteen Million Five Hundred Twenty-Five Thousand Dollar (\$15,525,000) Parking Revenue Bonds, Series of 1982 (Gallery II Parking Garage Project) (the “1982 Bonds”) to finance the construction of the Gallery II Parking Garage Project; and

WHEREAS, In connection with the Gallery II Parking Garage Project, in 1993, PAID entered into an installment sales agreement (the “ISA”) with Parametric pursuant to which Parametric would acquire the Gallery II Parking Garage Project after making periodic installment payments in amounts sufficient to: (1) allow PAID to pay debt service under the Bonds; (2) to pay fees and expenses of PAID and the Trustee; and (3) to the extent of net revenues available therefor, to repay the City for payments made under the City Contract, but in any event by August 15, 2002; and

WHEREAS, Pursuant to an Ordinance, Bill No. 546 (approved June 15, 1993), the Director of Commerce, on behalf of the City, entered into an agreement entitled the Gallery II Parking Garage Agreement (dated June 15, 1993) with PAID, which provided for further financial assistance to the Gallery II Parking

Garage Project (the “1993 Agreement”); and

WHEREAS, PAID, in consideration of the financial assistance provided in the 1993 Agreement, issued its Thirteen Million Seven Hundred Fifty-Five Thousand Dollar (\$13,755,000) Parking Revenue Refunding Bonds, Series of 1993 (Gallery II Parking Garage Project) (the “1993 Bonds”) to refinance the 1982 Bonds to achieve debt savings with respect to the financing costs of the Gallery II Parking Garage Project; and

WHEREAS, The City was required to fund deficits in the 1993 Bond Fund as defined and in accordance with the 1993 Agreement, which deficit amounts were loaned to Parametric; and

WHEREAS, The 1993 Agreement authorized the City to direct PAID to declare the ISA in default in the event that the City is required to make any such payments after February 17, 1997; and

WHEREAS, The City, pursuant to the 1993 Agreement, also had the authority to direct PAID to declare the ISA in default in the event that the City had not been reimbursed in full by August 15, 2002, for all payments made by the City under the 1982 Agreement and the 1993 Agreement (collectively, the “Gallery II Parking Garage Agreement”), together with interest thereon at the rate of five percent (5%) compounded annually; and

WHEREAS, Pursuant to an Ordinance, Bill No. 970829 (approved April 13, 1998), the Director of Commerce was authorized to enter into an amendment of the 1993 Agreement, in order to defer from August 15, 2002, to August 15, 2013, the City’s right to receive reimbursement for payments made by the City to or for the benefit of PAID under the Gallery II Parking Agreement; and

WHEREAS, A commercial development project within the Market Street East Renewal Area, comprised of a mid-rise, limited service hotel with all necessary specifications, project amenities and room amenities consisting of two hundred eighty-two (282) rooms, was built within the air rights above the Gallery II Parking Garage (the “Hotel Project”); and

WHEREAS, The Hotel Project was consistent with the Comprehensive Plan of the City, the Center City Redevelopment Area Plan and the Market Street East Urban Renewal Plan; and

WHEREAS, In order to facilitate the financing sought by Parametric to fund a partial repayment of its existing indebtedness to the City and to the RDA, pursuant to the Gallery II Parking Garage Agreement, it is necessary and prudent to amend and restate the Gallery II Parking Garage Agreement to again defer the City’s right to receive reimbursement for payments made by the City to or for the benefit of PAID under the Gallery II Parking Garage Agreement; and

WHEREAS, PAID will be directed in the amended and restated Gallery II Parking Garage Agreement to enter into an amended and restated ISA (the “Amended and Restated ISA”) as described in the Amended and Restated Gallery II Parking Garage Agreement, as authorized herein; and

WHEREAS, The Council desires to give its specific authorization to the Director of Commerce and the Director of Finance to enter into the amended and restated Gallery II Parking Garage Agreement and other agreements as hereinafter proposed; now, therefore

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. The Director of Commerce and the Director of Finance are hereby authorized to enter into an Agreement (the “Amended and Restated Gallery II Parking Garage Agreement”), amending and restating the Gallery II Parking Garage Agreement, as amended and causing PAID to amend and restate the ISA. The Amended and Restated Gallery II Parking Garage Agreement shall be in substantially the form of Exhibit “A,” with such changes as the City Solicitor deems necessary or appropriate to protect the interests of the City.

SECTION 2. The Council hereby specifically approves the terms and conditions of the Amended and Restated Gallery II Parking Garage Agreement, notwithstanding any variance therein from the terms and conditions for such agreements established by the General Assistance Ordinance, Bill No. 1148 (approved March 1, 1978, as amended), or any other applicable ordinance.

SECTION 3. The Director of Commerce and the Director of Finance are hereby authorized, in their discretion, to enter into a multi-year agreement or agreements, ancillary to the Amended and Restated Gallery II Parking Garage Agreement, with any or all of PAID, the RDA, Parametric, a senior lender to Parametric or its successor or successors, an operator or operators of the garage for Parametric or its successor or successors, one or more banks or financial institutions, concerning or relating to the prioritization and securitization of the parties’ respective obligations, including, but not limited to, a participation agreement (the “Participation Agreement”) between the City and the RDA, substantially in the form of Exhibit “B” attached hereto and incorporated herein by reference, with such changes as the City Solicitor deems necessary or appropriate to protect the interests of the City. Each such ancillary agreement shall be acceptable in form to the City Solicitor, shall be necessary or desirable for the Gallery II Parking Garage Project in the discretion of the Director of Commerce and the Director of Finance, and shall not be materially inconsistent with the provisions of the Amended and Restated Gallery II Parking Garage Agreement attached hereto as Exhibit “A,” which details the principal elements of the transaction among the City, PAID, the RDA, and Parametric.