

Legislation Text

File #: 150508, Version: 1

Authorizing and approving the execution and delivery of a Service Agreement between the City and the Philadelphia Authority for Industrial Development relating to the provision by the Philadelphia Authority for Industrial Development of development assistance to support certain costs related to promoting economic and commercial development of the City; approving the guaranty by the Philadelphia Authority for Industrial Development of certain obligations related to the issuance of a letter of credit to secure the funding of such costs; authorizing and approving the obligation of the City to pay in full when due the Service Fee and other amounts payable under the Service Agreement and covenanting to make necessary appropriations for such purposes; and authorizing City officials to take necessary or appropriate actions to accomplish the intent and purpose of the ordinance, all under certain terms and conditions.

WHEREAS, The City of Philadelphia (the “City”) and the Philadelphia Authority for Industrial Development (“PAID”) have determined that PAID will, with the cooperation of the City, promote the economic and commercial development of the City by providing a guaranty of certain reimbursement and related obligations (the “Guaranty”) with respect to a letter of credit (the “Letter of Credit”) issued to secure the funding of certain Development Costs as defined in this Ordinance; and

WHEREAS, The Concil has determined that it is in the best interests of the City to: (i) authorize and approve the execution and delivery of a Service Agreement (the “Service Agreement”) by and between the City and PAID; (ii) approve the Guaranty by PAID with respect to the Letter of Credit; and (iii) authorize and approve the performance by the City of its obligation to pay in full when due the Service Fee (as defined in the Service Agreement) and other amounts payable under the Service Agreement; and

WHEREAS, The City is authorized to enter into the Service Agreement to enable the financing of the Development Costs which shall promote the health, safety, employment, economic activity and general welfare of the City and its citizens; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Council of the City (the “Council”) hereby: (i) authorizes and approves the execution and delivery of the Service Agreement, which shall be substantially in the form of Exhibit “A” hereto, with PAID; (ii) approves the Guaranty by PAID with respect to the Letter of Credit to be issued by a financial institution (the “LOC Provider”) to the Philadelphia 2016 Host Committee, a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania, to secure the funding of certain costs related to the 2016 Democratic National Convention (the “Development Costs”), provided that the principal amount of the Letter of Credit shall not exceed Fifteen Million Dollars (\$15,000,000); and (iii) authorizes and approves the performance by the City of its obligation 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, which Service Fee and other amounts will only become due to the extent that draws under the Letter of Credit or related obligations are not otherwise timely reimbursed or paid.

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 which permits the principal amount of the Letter of Credit described in Section 1 hereof to be exceeded shall be executed unless first approved by ordinance of the Council.

SECTION 3. The Service Agreement authorized by this Ordinance shall be executed in conjunction with the Guaranty by PAID with respect to the Letter of Credit. The Letter of Credit shall be in a principal amount that does not exceed that set forth in Section 1 hereof to be applied for the purposes described in Section 1 hereof. The Guaranty shall not be executed until the Director of Finance has approved the terms thereof.

SECTION 4. The City covenants to budget and make appropriations beginning in Fiscal Year 2016 and in each and every fiscal year thereafter in such amounts as shall be required in order to timely pay all Service Fee payments due and payable and to pay timely all other amounts due and payable under the Service Agreement.

SECTION 5. As long as PAID has any outstanding obligations under the Letter of Credit and the Guaranty, the City covenants unconditionally to pay all Service Fee payments and all other amounts due as provided for under the Service Agreement directly to the LOC Provider 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 PAID or the LOC Provider 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 6. The City agrees to be bound by each and every provision, covenant and agreement set forth in the Service Agreement.

SECTION 7. 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 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 and the laws of the Commonwealth of Pennsylvania in order to effectuate the transaction approved hereby and the Guaranty by PAID with respect to the Letter of Credit.

EXHIBIT "A"

Form of Service Agreement