Legislation Text

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Authorizing the Director of Commerce and the Director of Finance to enter into amendments to multiyear agreements with the Philadelphia Authority for Industrial Development ("PAID"), the Philadelphia Redevelopment Authority, formerly known as the Redevelopment Authority of the City of Philadelphia ("PRA"), 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 additional 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, PRA, 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, PRA 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 a contract between PAID and the City entered in connection with the ISA, 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, pursuant to an Ordinance, Bill No. 110876-A (approved December 21, 2011), and in order to facilitate the financing sought by Parametric to fund a partial repayment of its existing indebtedness to the City and to PRA, pursuant to the Gallery II Parking Garage Agreement, the City and PAID entered into an Amended and Restated Gallery II Parking Garage Agreement dated effective as of January 31, 2012 (the "Amended and Restated Parking Garage Agreement"), to 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 entered into an Amended and Restated Installment Sale Agreement dated January 30, 2012, effective as of January 31, 2012, (the "Amended and Restated ISA") as described in the Amended and Restated Gallery II Parking Garage Agreement; and

WHEREAS, Parametric's financing entered into in connection with the 2012 transactions has matured, and Parametric has presented to the City and has requested that the City, PAID and PRA further amend the Amended and Restated Parking Garage Agreement and the Amended and Restated ISA, among other documents to permit a new lender to repay Parametric's senior debt, to subordinate the City's debt to such a senior lender, to extend the term of the lease and the City debt, and to make other modifications to the loan

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documents evidencing and securing the City's debt in order to carry out the transactions contemplated by such amendments (the "Modifications"); and

WHEREAS, the Council desires to give its specific authorization to the Director of Commerce and the Director of Finance to enter into such documents as may be necessary to carry out the Modifications, which may include without limitation, one or more of the following: (a) a Modification Agreement, (b) an amendment to the Amended and Restated Gallery II Parking Garage Agreement, (c) an amendment to the Amended and Restated ISA, (d) an amendment to the Participation Agreement between the City and PRA and (e) such other agreements, certificates, and documents (collectively, the "Amendment Documents") 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 in their discretion to enter into one or more multi-year agreements effecting the Modifications, with any or all of PAID, the PRA, Parametric, one or more senior lenders to Parametric or its successor or successors, an operator or operators of the Gallery II Garage 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 the Amendment Documents. The Amendment Documents shall be in such forms and with such changes as the City Solicitor deems necessary or appropriate to protect the interests of the City.

SECTION 2. The City Solicitor is authorized to impose such terms and conditions on the transaction authorized by this Ordinance as the City Solicitor deems necessary and proper to protect the interests of the City and to carry out the purposes of this Ordinance.

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