

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, October 1, 2014
10:10 a.m.

PRESENT:

COUNCILWOMAN JANNIE BLACKWELL, VICE-CHAIR
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN BOBBY HENON
COUNCILMAN DENNIS O'BRIEN

BILL 140715 - An ordinance authorizing and approving the modification of a Service Agreement between the City of Philadelphia and the Philadelphia Authority for Industrial Development relating to the refinancing of certain bonds, approving the issuance by the Philadelphia Authority for Industrial Development of bonds, notes or other evidences of indebtedness in one or more series...

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COUNCILWOMAN BLACKWELL: Good morning. We want to thank this crowded room and all who are here for this hearing. The Committee on Finance is called to order and we will ask the Clerk to please read the title of the bill.

We note we have a quorum. I'm Jannie Blackwell, Vice-Chair. The Chairman is not here this morning and we're representing her and the Committee. Councilman W. Wilson Goode, Jr., Councilman Bill Greenlee, Councilman Dennis O'Brien, and Councilman Bobby Henon. Thank you.

Clerk, will you please read the title of the bill.

THE CLERK: Bill No. 140715, an ordinance authorizing and approving the modification of a Service Agreement between the City of Philadelphia and the Philadelphia Authority for Industrial Development relating to the refinancing of certain bonds, approving the issuance by the Philadelphia Authority for

1 10/1/14 - FINANCE - BILL 140715
2 Industrial Development of bonds, notes or
3 other evidences of indebtedness in one or
4 more series, or in a combined series with
5 certain other authorized indebtedness, to
6 refinance certain bonds; and authorizing
7 and approving the obligation of the City
8 of Philadelphia to pay in full when due
9 the Service Fee and other amounts payable
10 under the Service Agreement, as modified;
11 authorizing certain City officers to take
12 certain actions required to issue bonds,
13 notes or other evidences of indebtedness;
14 covenanting that the City of Philadelphia
15 will make necessary appropriations in
16 each of the City's fiscal years to
17 provide for the Service Fee and other
18 amounts due under the Service Agreement,
19 as modified; covenanting that the City of
20 Philadelphia will make timely payments of
21 the Service Fee and other amounts due
22 under the Service Agreement, as modified;
23 and authorizing City officials to take
24 necessary or appropriate actions, all
25 under certain terms and conditions.

1 10/1/14 - FINANCE - BILL 140715

2 COUNCILWOMAN BLACKWELL: Thank
3 you very much. The Chair now calls to
4 testify our City Treasurer, Ms. Nancy
5 Winkler, and James Lanham, Deputy City
6 Treasurer.

7 (Witness approached witness
8 table.)

9 COUNCILWOMAN BLACKWELL: Just
10 you this morning?

11 MS. WINKLER: It's just me.
12 Mr. Lanham is home ill.

13 COUNCILWOMAN BLACKWELL: Thank
14 you.

15 MS. WINKLER: Good morning,
16 Vice-Chair Blackwell and members of the
17 Committee on Finance. I am Nancy
18 Winkler, City Treasurer, and I am here
19 today to testify on behalf of Bill No.
20 140715.

21 This bill would authorize
22 modifications to the Service Agreement
23 proposed under Bill 140609 with the
24 Philadelphia Authority for Industrial
25 Development and approves the issuance of

1 10/1/14 - FINANCE - BILL 140715
2 bonds to refinance bonds sold to provide
3 a contribution already made to the School
4 District to meet a portion of its Fiscal
5 Year 2014 operating needs in a single
6 series, together with the bonds being
7 contemplated for the Fiscal Year 2015
8 financing, which is being considered by
9 Council as Bill No. 140609.

10 I'll just pause for a second.

11 But both amounts will be
12 secured by the City's obligation under
13 the Service Agreement, as modified, to
14 budget and appropriate annually amounts
15 necessary to pay the Service Fee, which
16 will be sufficient to pay debt service on
17 outstanding bonds. City Council has
18 already passed related legislation, Bill
19 No. 140489, which permanently extends the
20 1 percent sales tax and authorizes a
21 portion of those funds to be used for
22 four years to pay debt service associated
23 with this borrowing. Bill No. 140609
24 will be on second reading at the Stated
25 Meeting of Council tomorrow.

1 10/1/14 - FINANCE - BILL 140715

2 The primary reason we are
3 requesting this authority, as I mentioned
4 in last week's testimony, is that we
5 believe it's in the City's best interest
6 to manage our exposure to interest rate
7 risks on a combined financing of the two
8 loans. We have obtained an opportunity
9 to lock in favorable low fixed rates,
10 which opportunity sunsets at the end of
11 October.

12 Accordingly, I would like to
13 respectfully request the Committee's
14 favorable recommendation of this bill
15 and, further, suspension of the rules so
16 as to allow for first reading of the bill
17 at the next meeting of Council.

18 During my testimony last week
19 on Bill 140609, this Committee requested
20 a listing and characterization of service
21 providers for the City's bond programs.
22 That list has been compiled and was
23 attached to my written testimony today.
24 The Treasurer's Office has strived to
25 include both minority and women-owned

1 10/1/14 - FINANCE - BILL 140715
2 businesses in its financings and
3 contracts, and I submitted in my most
4 recent budget testimony, we have achieved
5 participation rates in our contracts at
6 28 percent in Fiscal '12, 32 percent in
7 Fiscal '13, and at the time of my budget
8 testimony, 28 percent in Fiscal '14.

9 This concludes my testimony,
10 and I'm happy to answer any questions
11 that you may have.

12 COUNCILWOMAN BLACKWELL: Thank
13 you very much.

14 Are there any questions?

15 (No response.)

16 COUNCILWOMAN BLACKWELL: Any
17 questions?

18 (No response.)

19 COUNCILWOMAN BLACKWELL: Seeing
20 none, we will conclude this part of our
21 deliberations and into our Stated Meeting
22 part, and the Chair will call on
23 Councilman Goode to make a motion to
24 report this out with a suspension of the
25 rules.

1 10/1/14 - FINANCE - BILL 140715

2 COUNCILMAN GOODE: Thank you,
3 Madam Chair. I move that Bill No. 140715
4 be reported out of this Committee with a
5 favorable recommendation, that the rules
6 of Council be suspended so as to permit
7 first reading at our next session of
8 Council.

9 (Duly seconded.)

10 COUNCILWOMAN BLACKWELL: It has
11 been moved and seconded that Bill No.
12 140715 be reported out of Committee with
13 a favorable recommendation, also a
14 recommendation for a suspension of the
15 rules so as to permit first reading at
16 our next session of Council.

17 All in favor, aye?

18 (Aye.)

19 COUNCILWOMAN BLACKWELL: Any
20 opposed?

21 (No response.)

22 COUNCILWOMAN BLACKWELL: The
23 ayes have it. This bill is passed, and
24 this will conclude our deliberations this
25 morning.

1 10/1/14 - FINANCE - BILL 140715

2 Thank you all.

3 MS. WINKLER: Thank you very
4 much.

5 COUNCILWOMAN BLACKWELL: The
6 Committee meeting is adjourned.

7 (Committee on Finance adjourned
8 at 10:15 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter, and that this is a true and
correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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A accurately 10:5 achieved 7:4 actions 3:12,24 adjourned 9:6,7 Agreement 1:15 2:20 3:10,18,22 4:22 5:13 allow 6:16 amounts 3:9,18 3:21 5:11,14 and/or 10:22 annually 5:14 answer 7:10 apply 10:20 approached 4:7 appropriate 3:24 5:14 appropriations 3:15 approves 4:25 approving 1:14 1:16 2:19,24 3:7 associated 5:22 attached 6:23 authority 1:15,17 2:22,25 4:24 6:3 authorize 4:21 authorized 3:5 authorizes 5:20 authorizing 1:14 2:19 3:6,11,23 aye 8:17,18 ayes 8:23 a.m 1:7 9:8	2:2,9 4:2,9,13 4:16 7:12,16,19 8:10,19,22 9:5 Bobby 1:11 2:14 bond 6:21 bonds 1:16,17 2:24 3:2,6,12 5:2,2,6,17 borrowing 5:23 budget 5:14 7:4,7 businesses 7:2	contemplated 5:7 contracts 7:3,5 contribution 5:3 control 10:22 correct 10:8 Council 1:2 5:9 5:17,25 6:17 8:6 8:8,16 Councilman 1:10 1:11,11,12 2:12 2:13,13,14 7:23 8:2 COUNCILWO... 1:10 2:2 4:2,9 4:13 7:12,16,19 8:10,19,22 9:5 covenanting 3:14 3:19 crowded 2:3	6:1 7:1 8:1 9:1,7 financing 5:8 6:7 financings 7:2 first 6:16 8:7,15 fiscal 3:16 5:4,7 7:6,7,8 fixed 6:9 foregoing 10:7,19 four 5:22 full 3:8 fully 10:5 funds 5:21 further 6:15	L L 10:14 Lanham 4:5,12 legislation 5:18 list 6:22 listing 6:20 loans 6:8 lock 6:9 low 6:9
	C call 7:22 called 2:6 calls 4:3 certain 1:16 2:24 3:5,6,11,12,25 CERTIFICATE 10:2 certification 10:19 CERTIFY 10:3 certifying 10:23 Chair 4:3 7:22 8:3 Chairman 2:10 characterization 6:20 City 1:2,6,15 2:21 3:7,11,14,19,23 4:4,5,18 5:17 City's 3:16 5:12 6:5,21 Clerk 2:6,16,18 combined 3:4 6:7 Committee 1:3 2:5,11 4:17 6:19 8:4,12 9:6,7 Committee's 6:13 compiled 6:22 conclude 7:20 8:24 concludes 7:9 conditions 3:25 considered 5:8 contained 10:5	D debt 5:16,22 deliberations 7:21 8:24 Dennis 1:12 2:14 Deputy 4:5 Development 1:16,17 2:23 3:2 4:25 direct 10:22 District 5:4 due 3:8,18,21 Duly 8:9	G Good 2:2 4:15 Goode 1:10 2:12 7:23 8:2 Greenlee 1:11 2:13	M Madam 8:3 manage 6:6 matter 10:7 means 10:21 meet 5:4 meeting 5:25 6:17 7:21 9:6 members 4:16 mentioned 6:3 MICHELE 10:14 minority 6:25 modification 1:14 2:20 modifications 4:22 modified 3:10,19 3:22 5:13 morning 2:3,10 4:10,15 8:25 motion 7:23 move 8:3 moved 8:11 MURPHY 10:14
B behalf 4:19 believe 6:5 best 6:5 bill 1:14 2:7,13,17 2:18 3:1 4:1,19 4:21,23 5:1,9,18 5:23 6:1,14,16 6:19 7:1 8:1,3 8:11,23 9:1 Blackwell 1:10		E evidence 10:4 evidences 1:17 3:3,13 exposure 6:6 extends 5:19	I ill 4:12 include 6:25 indebtedness 1:18 3:3,5,13 Industrial 1:15,17 2:22 3:2 4:24 interest 6:5,6 issuance 1:16 2:24 4:25 issue 3:12	N Nancy 4:4,17 necessary 3:15,24 5:15 needs 5:5 note 2:8 notes 1:17 3:2,13 10:6
		F favor 8:17 favorable 6:9,14 8:5,13 Fee 3:9,17,21 5:15 Finance 1:3 2:5 3:1 4:1,17 5:1	J James 4:5 Jannie 1:10 2:9 Jr 1:10 2:12	O objections 10:4 obligation 3:7
			K K 1:11	

5:12 obtained 6:8 October 1:7 6:11 Office 6:24 officers 3:11 officials 3:23 operating 5:5 opportunity 6:8 6:10 opposed 8:20 order 2:6 ordinance 1:14 2:19 outstanding 5:17 O'Brien 1:12 2:14	quorum 2:8	5:15,16,22 6:20 session 8:7,16 single 5:5 sold 5:2 Stated 5:24 7:21 stenographic 10:6 strived 6:24 submitted 7:3 sufficient 5:16 sunsets 6:10 supervision 10:22 suspended 8:6 suspension 6:15 7:24 8:14	week's 6:4 we're 2:11 WILLIAM 1:11 Wilson 1:10 2:12 Winkler 4:5,11 4:15,18 9:3 witness 4:7,7 women-owned 6:25 written 6:23
P	R	T	Y
part 7:20,22 participation 7:5 passed 5:18 8:23 pause 5:10 pay 3:8 5:15,16 5:22 payable 3:9 payments 3:20 Pennsylvania 1:6 percent 5:20 7:6,6 7:8 permanently 5:19 permit 8:6,15 Philadelphia 1:2 1:6,15,15,17 2:21,22,25 3:8 3:14,20 4:24 please 2:7,16 portion 5:4,21 PRESENT 1:9 primary 6:2 proceedings 10:4 programs 6:21 proposed 4:23 provide 3:17 5:2 providers 6:21 Public 10:15	rate 6:6 rates 6:9 7:5 read 2:7,16 reading 5:24 6:16 8:7,15 reason 6:2 recommendation 6:14 8:5,13,14 refinance 3:6 5:2 refinancing 1:16 2:23 related 5:18 relating 1:16 2:23 report 7:24 reported 8:4,12 reporter 10:23 representing 2:11 reproduction 10:20 request 6:13 requested 6:19 requesting 6:3 required 3:12 respectfully 6:13 response 7:15,18 8:21 risks 6:7 room 1:6 2:4 RPR-Notary 10:15 rules 6:15 7:25 8:5,15	table 4:8 take 3:11,23 taken 10:6 tax 5:20 terms 3:25 testify 4:4,19 testimony 6:4,18 6:23 7:4,8,9 thank 2:3,15 4:2 4:13 7:12 8:2 9:2,3 time 7:7 timely 3:20 title 2:7,17 today 4:19 6:23 tomorrow 5:25 transcript 10:8,20 Treasurer 4:4,6 4:18 Treasurer's 6:24 true 10:7 two 6:7	Year 5:5,7 years 3:16 5:22
Q	S	V	1
questions 7:10,14 7:17	sales 5:20 School 5:3 second 5:10,24 seconded 8:9,11 secured 5:12 Seeing 7:19 series 1:18 3:4,4 5:6 service 1:14 2:20 3:9,10,17,18,21 3:22 4:22 5:13	Vice-Chair 1:10 2:9 4:16	1 1:7 5:20 10/1/14 3:1 4:1 5:1 6:1 7:1 8:1 9:1 10:10 1:7 10:15 9:8 12 7:6 13 7:7 14 7:8 140489 5:19 140609 4:23 5:9 5:23 6:19 140715 1:14 2:18 3:1 4:1,20 5:1 6:1 7:1 8:1,3,12 9:1
		W	2
		W 1:10 2:12 want 2:3 Wednesday 1:7 week 6:18	2014 1:7 5:5 2015 5:7 28 7:6,8
			3
			4
			400 1:6