COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, February 20, 2007
10:15 a.m.

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PRESENT:
COUNCILWOMAN JANNIE BLACKWELL, CHAIR
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN WILLIAM GREENLEE
COUNCILMAN JAMES F. KENNEY
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN JUAN RAMOS
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DANIEL SAVAGE
COUNCILWOMAN MARIAN B. TASCO

BILLS 060052, 060108, 060109, 070047, 070048 and 070075

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COUNCILWOMAN BLACKWELL: Good morning. Thank you all for being here. This is a continuation of a recessed hearing for some issues and a new hearing for others.

We have a quorum present for our Finance Committee. To my left, Councilman Goode. To his left, Councilwoman Tasco. To my right, Councilman Greenlee, and also for the purposes of our quorum, we will recognize Councilman Kenney, who is also here. Having said that, that will allow us to formally begin our hearings, and we thank all of you for being here.

Today, the Finance Committee was to consider Bill No. 060052 removing Wachovia Bank as an authorized City depository and we were to have people testifying on that bill, including our Finance Director and Treasurer, as well as CLS and the lawyers for the Wachovia Bank. Because of unforeseen circumstances due to illness, that

Committee hearing will be continued until March 5th at 1:00 p.m. So anyone who is here -- and this is agreed to by the sponsor of the bill, Councilman Goode, that we continue this hearing until March 5th at 1:00 p.m. So if there's anyone here for the Wachovia issue, you will know that we will not be hearing that today, but we will be hearing that in the near future.

The next issue that we will hear today deals with PGW, and we will ask those present to testify, if they would come forward as we have the Clerk read the title of the bills with regard to PGW. And I ask that you overlook my glasses. It slows me down, because I really can't see.

But we will have the Clerk read the title of the bills regarding PGW today.

THE CLERK: Bill 070047, an ordinance amending Bill No. 051138, approved December 22, 2005, entitled

2/20/07 - FINANCE - BILL 070047, ETC.

"Authorizing, generally, the continued issuance and sale by the City of Philadelphia of Gas Works Revenue Notes of the City, prescribing the forms of notes and providing for their execution and payment, pledging certain revenues of the Gas Works as security, adopting a rate covenant and directing the imposition and collection of rates and charges sufficient to comply therewith, prescribing the conditions precedent to the issuance of specific series of notes, including a resolution passed by the Bond Committee providing for establishment of credit support for notes, providing for designation of a fiscal agent and sinking fund depository, providing for establishment of a sinking fund and its management, providing remedies upon default, and providing for amendments and modifications," to increase the aggregate principal amount of Gas Works Revenue Notes that may be outstanding at any one time; and authorizing an amendment to the

Agreement between the City of Philadelphia and the Philadelphia Facilities Management Corporation for the Management and Operation of the Philadelphia Gas Works; and

Bill 070048, an ordinance constituting the Nineteenth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1975; authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds, Nineteenth Series, of the City of Philadelphia, in one or more subseries to be issued to pay the cost of refunding or redeeming all or a portion of certain outstanding Gas Works Revenue Bonds and other Project Costs, as hereinafter more particularly described, and authorizing the application of proceeds of the Nineteenth Series Bonds for such purposes; authorizing the City of Philadelphia to obtain credit enhancement for the Nineteenth Series Bonds; authorizing the City of Philadelphia to enter into swap agreements or exchange agreements with respect to the Nineteenth Series Bonds; determining the sufficiency of Project Revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Nineteenth Series Bonds from general accounts of the City of Philadelphia; covenanting the payment of interest and principal on and specifying the purpose of the Nineteenth Series Bonds; authorizing covenants and actions in order that the Nineteenth Series Bonds shall not be arbitrage bonds; authorizing the Nineteenth Series Bonds to be issued in book-entry form and providing book-entry provisions to apply in such case; and providing that this ordinance is supplemental to the 1975 General Ordinance and that the provisions of the 1975 General Ordinance, to the extent not modified, amended or superseded by this ordinance, are applicable; and

Finally, Bill 070075, an ordinance constituting the Eighth Supplemental Ordinance to the General Gas Works Revenue Bond Ordinance of 1998; authorizing the Mayor, the City Controller and the City Solicitor, or a majority of them, to sell, either at public or private sale, Gas Works Revenue Bonds, Seventh Series, of the City of Philadelphia in one or more subseries to be issued to pay the costs of certain capital projects as hereinafter more particularly described, and the cost of refunding or redeeming all or a portion of certain outstanding Gas Works Revenue Bonds and other Project Costs, as hereinafter more particularly described; and authorizing the application of proceeds of the Seventh Series Bonds for such purpose; authorizing the City to obtain credit facilities in the forms of credit enhancement and liquidity for the Seventh Series Bonds; authorizing the

2/20/07 - FINANCE - BILL 070047, ETC.

City to enter into one or more Qualified Swap Agreements with respect to all or a portion of the Seventh Series Bonds; determining the sufficiency of Gas Works Revenues; covenanting the separation of Gas Works revenue accounts and proceeds of the Seventh Series Bonds from general accounts of the City; covenanting the payment of interest on and principal of and specifying the purposes of the Seventh Series Bonds; authorizing covenants and actions in order that the Seventh Series Bonds shall not be arbitrage bonds; authorizing the Seventh Series Bonds to be issued in book-entry form and providing book-entry provisions to apply in such case; and providing that this ordinance is supplemental to the 1998 General Ordinance and that the provisions of the 1998 General Ordinance, to the extent not modified, amended or superseded by this ordinance, are applicable.

COUNCILWOMAN BLACKWELL: Thank

you very much.

The Chair notes that to my right is Councilwoman Blondell Reynolds Brown, who is also present for our Committee hearing, and now we see our Finance Director, who is here, who will begin his testimony and certainly present our other witnesses who are here. Thank you.

MR. JANNETTI: Thank you, Madam Chair. Good morning, Councilwoman Blackwell and members of the Finance Committee.

COUNCILWOMAN BLACKWELL: Good morning.

MR. JANNETTI: I'm Vince Jannetti, Acting Director of Finance of the City. With me are Joseph Bogdonavage to my left, Senior Vice-President at the Philadelphia Gas Works, and to my right is Joe Golden, PGW's Controller. Also with us are other representatives of PGW. We are here to testify on behalf of Bill Nos. 070047, 070048 and Bill No. 070075.

Council Bill 070047 will authorize the amendment of Bill No. 051138 approved on December 22, 2005 to increase the principal amount of Philadelphia Gas Works Revenue Notes authorized for issuance to an aggregate amount not to exceed $200 million, and, consistent with such amendment, further authorizes the amendment of the agreement between the City and the Philadelphia Facilities Management Corporation for the management and operation of PGW.

The increase in the authorization amount from 150 to 200 million will provide financial flexibility to PGW if the need arises to utilize additional liquidity to finance purchases of natural gas, the increased cost of natural gas inventory and the customer accounts receivable. The increase in the authorization amount shall not be effective until after May 29, 2007, which is the expiration date of PGW's current agreement with the consortium of banks that provide the credit support.

At this time, we would like to offer for the Committee's consideration an amendment to Bill No. 070047, which has been requested by the Gas Commission. The amendment is intended to state the actual dollar amount of the short-term debt limit stated in the management agreement rather than having such amount stated as a cross-reference to the ordinance passed by City Council that sets such limit.

Council Bill 070048 will authorize the City to issue Philadelphia Gas Works Revenue Bonds, Nineteenth Series, in an aggregate principal amount of up to 17 million to refinance certain bonds issued under Philadelphia Gas Works Revenue Bond Ordinance of 1975, the "1975 Ordinance." The City will not execute this transaction unless we can achieve a net present value savings of at least three percent of the principal amounts of the bonds to be refunded.

Council Bill 070075 will authorize the City to issue Philadelphia Gas Works Revenue Bonds, Seventh Series, in an aggregate amount of up to $221 million, consisting of up to $200 million to finance PGW capital improvements and up to 21 million to refinance certain bonds issued under the General Gas Works Revenue Bond Ordinance of 1998, the "1998 Ordinance." The City will not execute the refinancing transactions unless we can achieve, again, the net present value savings of at least three percent of the principal amounts of the bonds to be refunded.

At this time, we request an amendment to Bill No. 070075 to indicate that only one issuance of bonds, whether in one or more subseries, to finance capital improvements under this ordinance is authorized, and if the amount of such issuance is less than $200 million, then the City will not be authorized to issue any additional subseries of bonds for capital improvements pursuant to the bond authorization contained in this ordinance.

All revenues pledged to secure the payment of the new money and refunding bonds will be derived from rents, rates and charges imposed by PGW. None of the bonds that will be issued under these ordinances will have any recourse to the revenues of the City's General Fund.

Finally, as required in Section 8 of the First Class City Revenue Bond Act in Section 4.03(a) of the 1975 and 1998 Ordinances, as the Acting Director of Finance of the City of Philadelphia, I have transmitted my financial reports regarding the financial viability of the Gas Works system and its ability to repay the additional debt associated with Bill Nos. 070048 and 070075.

This concludes my written testimony. I would like to request a suspension of rules for Bill Nos. 070047, 070048 and 070075 to allow for first reading at the next session of City Council.

I'd be happy to answer any questions the Committee may have.

COUNCILWOMAN BLACKWELL: Thank you very much.

More testimony?

MR. BOGDONAVAGE: Yes. Good morning, Councilwoman Blackwell and members of the Finance Committee. I'm Joseph R. Bogdonavage, Senior Vice-President of Finance of PGW. I'm here also to testify on behalf of Council Bills 070047, 48 and 75 and explain PGW's capital expenditure program and the funding requirements that Council Bill 070075 will satisfy by issuing up to $200 million of Seventh Series 1998 Ordinance bonds.

As Mr. Jannetti has also explained, Council Bill 75 provides for an aggregate principal amount of up to

$21 million to help pay the refinancing costs of certain outstanding revenue bonds that were already issued under the 1998 Ordinance to achieve debt service savings.

Also, Council Bill 070048 authorizes the issuance of refunding bonds up to $17 million to refinance certain obligations that were outstanding under the 1975 Ordinance also to achieve debt service savings. In addition to that, Council Bill 070047 authorizes PGW to continue the issuance from time to time of Gas Works Revenue Notes of the City of Philadelphia to be secured by a pledge of revenues of the Gas Works as security in an aggregate amount not exceeding $200 million. Currently, PGW's outstanding authority is at $150 million, and as Mr. Jannetti had pointed out, this agreement with the consortium of banks expires on May 29, 2007.

In addition, we also have representatives from Black and Veatch, the engineering firm who performed the feasibility study, available to answer any questions that may arise regarding PGW's capital improvement program projections.

The bonds that we're preparing to issue right now are the Seventh Series 1998 Ordinance bonds of $200 million of new money funding to support PGW's capital improvement program. These bonds are necessary as a result of requirements of PGW's capital improvement program over the next six to seven years. Currently, PGW has about $40 million of funds available from a prior bond series to fund capital investment in projects, and I would just like to highlight the five or six major programs that PGW is embarking on with the use of the capital improvement funds.

Currently, we have about $45 million to replace our cast iron mains, while related services and other facility improvements will total nearly 97 million over the three-year period from 2007 through 2009. In addition, we are asking for funding support to provide Phase 2's expansion of PGW's Richmond LNG Liquefaction Facility. That project is estimated at about 27.3 million. In addition, we also have 26.1 million to fund PGW's AMR Replacement Program and to replace meter and regulator facilities.

As you may or may not know, PGW has about 500,000 automatic meter-reading devices installed in residential accounts throughout the City, and some of these AMR devices are running up to their end of their useful life and we're embarking on a replacement program, targeting to replace all the residential AMR devices.

In addition, we also have $20 million of funding to upgrade PGW's customer billing system. The balance of the proceeds of the bonds will be used to pay off costs involved with other projects related to computer and vehicle replacements, funding the reserve fund, deposit credit enhancements if needed and the cost of issuance.

Currently, PGW has been mandated by its Board of Directors as well as the Public Utility Commission of Pennsylvania to undertake these critical investments that were referred to above, and to that end, PGW will have funding construction activities this fall and winter from its own operating fund flows. If the bonds are not timely sold, the company will not be able to reimburse itself for these advances and may not have sufficient funds to operate the utility through the next winter heating season.

As a result of the First Class City Bond Act and applicable ordinances, the Finance Director has provided a report regarding the appropriateness and feasibility of the issuance of these bonds based on an engineering study prepared by Black and Veatch.

Black and Veatch has four major

components that they talk about to satisfy the covenant requirements: that the PGW system is organized and operated and maintained at a level equal to, or in excess of, all regulatory requirements and generally accepted industry practices; PGW's facilities are in good operating condition; PGW's gas supply, including the purchase of spot market gas, anticipated additional contract supplies plus supplemental gas capacities, as well as its pipeline transport capacity to move these supplies to PGW, are adequate to meet PGW's projected demand on a day of maximum demand, a peak hour and also a peak day.

In addition, the capital improvements proposed during the construction period from September 2006 through August of 2012 will, along with continued good operation and maintenance practices, enable PGW to maintain its system in good operating condition, and a review of present management practices indicates that the good operation is likely to continue.

In addition, PGW has been comparably managed and operated as a gas distribution facility.

In addition, they provide a financial feasibility study, and the project revenues and Gas Works revenues, which are pledged as security for the bonds issued under '75 and 1998 ordinances respectively, are projected to be sufficient to comply with the covenants set forth in Section 4.03(b) of the '75 General Ordinance and Section 4.03(b) of the 1998 General Ordinance.

In addition, PGW is asking for timely approval of its commercial paper expansion. PGW is currently approaching the renewal date of this agreement with its consortium of banks that provide the credit support. PGW is currently authorized at a 150 million level. As a result of the volatile natural gas markets, PGW is planning to seek an additional 50 million in added liquidity to fund the potential growth in inventories and customer accounts receivable in the future.

PGW in the past has had a very difficult time securing additional sources of liquidity and without coming to the City for working capital needs, the additional 50 million would make it very less likely that we would be requiring the City of Philadelphia to provide future assistance.

In addition, as we pointed out, PGW has used the commercial paper program over its life to fund its current working capital needs, and as a result of last winter's spike in natural gas prices, which were the result of the hurricanes that were in the Gulf in the fall of 2006, PGW had a very difficult time maintaining enough liquidity, and as a result of that last year were put on a negative watch by Fitch rating agencies. As a result of the continued improvement that PGW has experienced in its collection rate and the liquidity sources it's been able to garner, PGW is removed from a negative watch by Fitch and has now placed a stable outlook on PGW.

In addition to that, Moody's also has PGW as a stable outlook, and Standard and Poor's currently has us as a negative outlook, but we're under review at this point in time.

PGW's commercial paper program was instituted in 1982 to provide the financing that I spoke of earlier. It's the major source of liquidity that PGW has. The ordinance as it was initially amended was at $100 million. Subsequent to that, as a result of some of the difficulties PGW experienced in the early '90s and late '90s, it was reduced to $80 million. Starting again in 2005, in August, the consortium of banks did increase it to $100 million, and we did renegotiate the fee at that point in time to save somewhere between $250 and

$750,000.

This time last year in January of 2006 the consortium of banks also increased the maximum level from $100 to $150 million at any one time, and PGW is just asking Council authority right now to provide the ability to authorize PGW to go to $200 million if the need requires.

That's all the testimony I have at the moment. I'd be happy to answer any questions.

COUNCILWOMAN BLACKWELL: Thank you. Is there any more testimony?

MR. JANNETTI: No.

COUNCILWOMAN BLACKWELL: Thank you. Let me ask just a few questions.

With regard to on Page 2 of your testimony, you mention No. 3, $26.1 million to provide for meter replacement. Is that program now completed citywide?

MR. BOGDONAVAGE: Madam Chair, the original program has been completely brought up to the 500,000 residential customers we currently have. This additional funding is now to replace those meters in those particular premises on an ongoing basis so that we don't have a default when we try to read these and again get into the whole situation with estimated bills.

Currently, the system is about 99.1 percent accurate on providing actual reads for customer billings. This is more the replacement program. The original program has been fully implemented.

COUNCILWOMAN BLACKWELL: The Chair notes that Councilman Juan Ramos is here as well.

On Page 5, No. 3, you mention in the last phrase, it says "and/or file for rate relief" if PGW doesn't realize this hundred million per year in permanent revenue enhancements. Could you expand on that?

MR. BOGDONAVAGE: Yes. Currently, PGW filed in December of 2006 for a hundred million dollar increase in its base rates. This is the first time that the company has embarked on a program that will structurally change PGW's balance sheet. We're looking to increase the hundred million dollars in base rates so that we will be able to continue to pay down our long-term debt and possibly fund a lot of our capital expenditures on an ongoing basis instead of borrowing from the marketplace, where PGW currently has been at a very vicious cycle over the last ten years that we've been going back to Wall Street to borrow money for capital spending every two years. PGW has virtually had no internal generation of funds for its capital programs since the early 1990s.

Basically, what my comment here was that if we don't prevail on the hundred million dollar base rate increase, not all of the structural changes that PGW anticipates would probably come to the forum. What we're asking here and as part of Black and Veatch's feasibility study, we did have four or five points that we wanted to structurally change the company, and as I pointed out, they were internal generation of funds for capital, paying down long-term debt, paying down short-term debt and also providing any additional funds we may need for increased operating expenses that have occurred since our last increase in 2002.

Basically, all the comment is mentioning is if PGW is to continue to meet all of its structural changes, it will need the better part of that hundred million dollars and, as they point out, we would either reduce our internal expenditures, try to find other sources of revenues or file for, as a last resort, an additional rate relief from the PUC.

COUNCILWOMAN BLACKWELL: And as I say every time I see you, and I'm sure that I speak for all members of this

Committee when I say -- because I note on the next page, No. 6, you talk about filing for a base rate increase of a hundred million on December 22, 2006, but all we need do is look in the newspaper every day and see fires. I have the newspapers in my office, but I'm sure you read them as well. We hear about fires all the time, and it's because people can't pay.

I do not support an increase, even though we know you go to the state for it, but our people can't pay more money for gas. If you think people are dying now, try to increase the rates and see what you get. It won't be on my conscience, because I'll do whatever I can in my position to fight it, and I believe that my Committee members will agree with me on that regard.

With regard to Page 5, No. 4 where you talk about write-offs, explain that. Explain that in more detail, if you would.

MR. BOGDONAVAGE: Councilwoman, currently, PGW's revenues on an annual basis are approaching $900 to $950 million. PGW historically has collected around 92 percent of its customer billings over a wide range of years. We've seen additional improvements in our collection factor over the last three to four years, where we've actually gone from about 87 percent in 2003 to 91 percent plus in 2004 to almost 95 percent in '05 and now over 96 percent currently at the end of August of 2006.

Basically, this is that four percent differential that we're looking at based on about a hundred -- or a billion dollars of revenue, that PGW currently expects that the bad debt expense would be in the vicinity of $45 to $50 million over the forecast period, even including a 95 percent collection factor.

COUNCILWOMAN BLACKWELL: Well, on Page 6 at the top, No. 8, you mention

18 million annual payback that the City would be granted in Fiscal Years '07 through '10, through 2010. If PGW did not return that money, would that stop you from filing for a rate increase, if you had that $18 million?

MR. BOGDONAVAGE: Well, Councilwoman, unfortunately PGW did file a rate increase back in December with the PUC, but obviously as we go through the process, the hearing process with the Public Utility Commission, all discussions will be made regarding the settlement of that case, and this may be one of the items that might be able to be discussed as a partial settlement of the case and not requesting the full $100 million. But as I point out, we would need all of the intervenors to get behind that program.

COUNCILWOMAN BLACKWELL: I tell you, I won't have it on my conscience that we support it so far as I am concerned, a rate increase for people who can't pay now. Every day, every day we see the Fire Commissioner on TV. People who didn't know him know him now. And it's in my district, it's in everybody's district. And so that's a real, real -- that's a very, very important point for us.

MR. BOGDONAVAGE: Councilwoman, just along that point, PGW has many different programs to assist customers in the payment -- troubled customers in staying current with their bills, and we will make every effort through our outreach program to make sure that as many people as need assistance can be provided.

COUNCILWOMAN BLACKWELL: The problem now is if you're cut off, you need like a thousand dollars to get cut on. So if you could get cut on, maybe you could do an agreement, but nobody has turn-on fees. People don't have -- if they have a thousand dollars, they wouldn't be behind in the first place.

So the cut-on fees that came into existence, I don't know, several months ago, they make it impossible for people to get turned on. So you're going to find that people aren't doing it because they don't have the turn-on fees. They don't have them.

I see that in No. 1 your collection rate is 96.6 percent. So you're doing what you can to collect, but we have to consider in these times -- you know, we want full tax valuation, we want an increase in gas. I don't know where -- all people will do is suffer and die.

What does No. 2, recent historical trends, mean?

MR. BOGDONAVAGE: Councilwoman, basically what has happened over the last few years as a result of the higher prices of gas and also the trend where a lot of people are making structural improvements to their facilities is that basically we have seen about a 5 billion cubic feet reduction in our annual throughput that customers use. Currently, PGW had been experiencing somewhere around 58 BCF as its permanent firm load. That's dropped to around 52 or 53 BCF, and as a result of this, PGW is losing its $4.21 base rate revenues to cover its fixed costs. Part of the hundred million dollar base rate increase is to recoup some of this loss that PGW has suffered as a result of continued customer usage drops in what they had experienced historically.

COUNCILWOMAN BLACKWELL: Thank you. I'm sorry. I was distracted.

I see here in No. 5 that you mentioned an estimated $20 million for a new billing system.

MR. BOGDONAVAGE: Yes. Currently, the product that we have is about seven years old now. The SPL product has been customized many, many times internally and also with the consultant's help. There is a new iteration coming to its new modules, and PGW at this point in time had conducted a study to find out our best options at this point in time, and rather than go out and completely replace the program, we're going to upgrade the existing facility with the help of the current billing consultant, and this is planned over the next two to three years. It was included originally in PGW's 2008 capital budget. But we're still reviewing the process here, and as we go along over the next six to 18 months, PGW will decide which way to proceed on the upgrade of its billing system.

COUNCILWOMAN BLACKWELL: There is always a problem with billing because John and Jane Q. Public have no way they can understand that their bill could be vastly different based on the cost of gas coming into the country. That's always a problem. You get seniors who say, I paid $35 last month, why is my bill 125? So that's a serious issue.

Let me ask one more question, then I'll open the floor to my colleagues.

In the other Philadelphia Gas Works report you gave us dealing with tax-exempt commercial paper, on Page 4, you say that if the ordinance is adopted, there will be no additional cost to PGW. Is this what you referred to before unless and until the level of tax-exempt commercial paper program is actually increased to $200 million?

MR. BOGDONAVAGE: Yes, Councilwoman. Currently, PGW doesn't have any plans to issue the additional $50 million. We're only asking City Council's permission to increase the authorized level not to exceed $200 million, which is $50 million higher than it currently is. And this is just to provide the access to liquidity that the rating agencies have continued to harp about with PGW not having enough liquidity to meet its operational and working capital needs.

So PGW currently has no plans and there won't be any increase to the ratepayers as a result of this unless it's absolutely necessary, but at this time, we're only asking for Council authority. Secondarily, we do have to go to the Gas Commission to ask their permission if we were to issue the additional 50 million, but as I pointed out, PGW currently is only asking for Council approval and the authority to go to that limit if need be.

COUNCILWOMAN BLACKWELL: Well, we're happy to work obviously with you and we request that you keep us informed as we go along with this whole issue of a rate increase to the citizens of the City who elect us.

MR. BOGDONAVAGE: Councilwoman, we'll be happy to continue to brief you on all the poignant subjects that PGW has over the next few months.

COUNCILWOMAN BLACKWELL: Thank

you.

Questions from my colleagues?

COUNCILWOMAN TASCO: Yes.

COUNCILWOMAN BLACKWELL: Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you.

Good morning.

MR. JANNETTI: Good morning.

COUNCILWOMAN TASCO: You talked about not raising -- taking the extra $50 million, but could you tell me what would be the circumstances that you might go for the extra 50 million, and if you had to go to the additional 50 million, how much would it cost the ratepayer?

MR. BOGDONAVAGE: Councilwoman, as you can remember last year, PGW was purchasing its gas supplies post hurricane season where the cost of the gas went from probably in the $7 or $8 an MCF range to almost $12 to $15. As a result of that, PGW's gas bill over its three basic winter months was about $200 million. At that point in time, PGW had exhausted all reasonable liquidity streams that it had. We did go to Council last year in January to increase the commercial paper. And it would be these kind of circumstances where we had a tremendous spike in the natural gas prices that PGW would consider asking for the other $50 million of liquidity to help fund these working capital requirements.

COUNCILWOMAN TASCO: And would it cost the ratepayer any more?

MR. BOGDONAVAGE: What we're looking for at this time is a restructuring of our fee. The current program, we pay, I think, 150 basis points on the utilized level and 75 on the unutilized portion. We're in the discussion with banks right now and we're looking for a substantial fee reduction, because this would be a last resort type of liquidity. So right now we're looking at somewhere in the 15 to 20 basis points amount, which if we went back and forth on that would be somewhere around $500,000 to $625,000. That would be the last resort. But we would certainly be discussing with the banks a fee reduction to hold that amount that would be passed on to ratepayers to the bare minimum.

COUNCILWOMAN TASCO: Are the banks ready to increase your letter of credit this much and why?

MR. BOGDONAVAGE: Excuse me? I didn't hear the question.

COUNCILWOMAN TASCO: Are the banks ready to increase the letter of credit to $200 million and, if so, why?

MR. BOGDONAVAGE: We have been in discussions with the banks. We had an update annual meeting with them in the month of January. The banks at that time were apprised of PGW's position. Through negotiations with the consortium of banks, at the first glance that we have starting the negotiations, there seems to be an appetite from the banks to provide that additional $50 million liquidity.

As I pointed out, right now we're negotiating a fee structure. If we don't like the fee structure that we currently are getting from the banks, obviously we will not be issuing that $50 million.

But for many, many years, the banks that were supporting PGW have been there for us and have stepped up to the plate again now with the improvements that PGW has had in its finances. The banks, at least at this point, perceive PGW to be less of a risk and have authorized an increase in the $150 to $200 million, although we haven't acted upon it yet.

COUNCILWOMAN TASCO: So if you go from the $150 to the $200 million, the banks, will they charge you for holding the 50 million? Will there be a cost on the extra 50 million?

MR. BOGDONAVAGE: That was what I discussed. The fee structure, if we had to go with the fee structure currently, we'd be paying probably over three-quarters of a million dollars in costs. We're not looking to increase the additional 50 million by that type of an interest cost. We're looking to have something as basically a stand-by commitment so that we would keep our additional costs down to a bare minimum, somewhere under $100,000 if it had to be acted upon.

COUNCILWOMAN TASCO: PGW's final repayment of the $45 million loan is now due by August 31, 2008. Does PGW view the $50 million additional commercial paper as more or less a replacement for the additional liquidity provided by the City loan?

MR. BOGDONAVAGE: Councilwoman, obviously all of our liquidity and cash streams would be taken into account. We're not looking to see the additional 50 million as a replacement for that 45. Obviously if we prevail with the base rate increase, that will provide some flexibility for us, so that it would make it probably less likely that we would have to go to the extra 50 million on the commercial paper. But we don't look at the commercial paper as just a changing out of that $45 million commitment. The company has discussed with the Finance Director's office that obviously we will do everything in our power to repay the $45 million when it's due in August of 2008, but basically the rate increase and the continued improvement in our collection rate is what would be paramount to helping us pay that 45 back timely.

COUNCILWOMAN TASCO: Beginning several years ago PGW had to buy some of its gas supply under agreements which let it defer payments to the future. This cost ratepayers some extra fees. When Council increased PGW's commercial paper maximum to $150 million about a year ago, PGW indicated it did not expect to have any more of these gas deals, and during 2006 did you not?

MR. BOGDONAVAGE: That's correct, Councilwoman. This current authorization, which provided an additional 50 liquidity, plus a softening in the natural gas markets, PGW did not have to enter into any third-party deferral agreements with our pipeline suppliers. That is correct.

COUNCILWOMAN TASCO: Will you make the same representation today, that if PGW's commercial paper maximum is increased further to 200 million, no delayed payment gas deals will need to be done?

MR. BOGDONAVAGE: Councilwoman, it would be very unlikely that we would do that, but obviously we would stay in touch with the Gas Commission and Council if anything along those lines were to pop up at any point in time. But currently, we're not looking over this refill season in the spring and summer that we would have any trouble providing the additional liquidity from internal sources. So we're not at this point in time looking to do any deals for 2007.

COUNCILWOMAN TASCO: I have a question that's off base. Maybe Mr. White might have to -- and you probably can answer this, too.

Last January there was a spike in the gas bills. I noticed mine particularly, because it went from sort of what it was to maybe like $800 for the month I was billed in January. Can you explain what happened with that spike? Because in relationship to what Councilwoman Blackwell says, it places a hardship on people who cannot pay, and we have a lot of senior citizens on fixed income who are budgeted, and when they get that spike, what accommodations are made for those individuals if they can't meet the payment?

MR. BOGDONAVAGE: Councilwoman, obviously PGW has an equal monthly payment plan, the budget billing, where we can stretch out those payments so you don't get typically hit with a tremendous bill in the winter usage season. That program is available to most all of the residential customers, which would help alleviate and better space out the payment of the gas bill over an annual basis.

But to your point, if you remember last year, the first half of December -- and, again, I don't know what billing cycle you're presently on -- was very, very cold last December. In addition with that, PGW's gas cost rate was approaching $12.56 at that time, roughly about a 33 percent increase from only earlier in the fall season. So the combination of the cold weather in the month of December and the additional gas cost rate that PGW had to pass on for the gas it purchased was probably one of the overriding issues on why customer bills were that high in the month of January last year. We're probably looking at somewhat of a less circumstance this current year since our gas cost rate is reduced by about $2 compared to last year, but as you may know, over the last two weeks in February, the weather has been very, very cold and, unfortunately, those people that had made arrangements to get on to the budget billing will probably see a very high spike in their gas bills in the month of late February or early March, depending on your billing cycle.

COUNCILWOMAN TASCO: Well, if the gas cost rate is going up in the middle of the winter -- and people sometimes self-budget and then can pay their bill, but what happens if it goes up and suppose you don't get all of the bill, say, in February because it was so high in January. Do you make any accommodation for that?

MR. BOGDONAVAGE: Well, I think -- yes, we can make accommodations, Councilwoman. Obviously we'd like people to stay current on the budget bill, but we will work with all customers to try to keep -- obviously there is a moratorium in place from the Public Utility Commission that residential customers are very unlikely to be shut off between December 1st and March 31st. So they may fall behind in their budget billing, but obviously the Gas Works would continue to provide gas service and work with those delinquent customers to assure that service is continued and we would try to make any agreements that would be satisfactory both to the customer and also to the utility.

COUNCILWOMAN TASCO: Okay. Thank you.

Are there any other questions? I have a lot more.

COUNCILWOMAN BLACKWELL: The Chair certainly will call -- we just want to note the presence of Councilman O'Neill and Councilman Savage. All members of the Finance Committee, save one, who is in a meeting on biosolids, are present.

Councilwoman Tasco, you may continue.

As soon as I told my neighbor I had this meeting today, she said, Oh, yeah, we already got a rate increase. So she raised the same issue you raised, that she saw a spike in her bill.

COUNCILWOMAN TASCO: They were going to cut me off because I sent part of the bill.

COUNCILWOMAN BLACKWELL: It's an issue --

COUNCILWOMAN TASCO: And I pay the bill every month, but they were going to cut me off. They called me and said, We're going to cut you off, because I had such a spike and I'm self-budgeted, but there was such a spike, they were going to just cut me off.

COUNCILWOMAN BLACKWELL: Years and years ago, maybe in the '70s, before half of you were born, probably around 19 --

COUNCILWOMAN TASCO: I was going to be the poster child for cut-offs. That's what was happening.

COUNCILWOMAN BLACKWELL: -- when Lucien and I fought PGW, our bill during then, during that time, was between 980 and 1,300 a month, and I'm talking a million years ago. So we still have to be watchful and careful.

Councilwoman Tasco, I'm finished my questions.

COUNCILWOMAN TASCO: Just one more.

On Page 3 of your testimony, you stated that PGW has been mandated not only by the PFMC Board of Directors but also by the Public Utility Commission to undertake the capital investments you list on Page 2 and 3, which include the Phase 2 LNG plant and the billing system upgrade projects.

Would you please tell us exactly when and how the PUC mandated PGW to undertake either of these two projects?

MR. BOGDONAVAGE: Obviously the regulatory commission is looking for reliability of supply, and I'll defer to Mr. White if I can't properly answer the question. But obviously we've undertaken studies internally looking at PGW's liquefaction facilities. To the end, the Public Utility Commission wants reliability supplied both internally and also by PFMC. Specifically, they haven't mandated that we actually do that project or the billing system, but our Board of Directors has approved our capital program for the next three to five years. These are two large projects that we're contemplating doing.

As you may know, as part of the Gas Commission's ongoing hearing process, PGW has sent a letter to the Chairwoman, Chairwoman Tasco, asking basically that we defer out of the 2008 capital budget both of these programs pending further evaluation. It doesn't mean that the programs will not be going forth in the near future. It's just that at this point in time, we need to reevaluate our position, look at the costs involved and also the timing of when these projects will come to fruition. But the Black and Veatch report that we have here that backs up the feasibility of this does have both of these projects in over the five-year horizon, although the timing of this right now for 2008 looks very unlikely.

But basically when we look at the two projects in tandem, we're looking at reliability of supply from the LNG plant and also reliability of the billing system so that we don't replicate what had had happened around the 2000 year when PGW represented its ill-fated billing system at that point in time.

COUNCILWOMAN TASCO: Well, if you don't get all the necessary approvals, will you be able to spend all the $200 million bond proceeds in time to avoid any federal penalties?

MR. BOGDONAVAGE: Yes, we will. We most likely will not be using internal generation of source of funds if that's the case, but we don't see any problem with spending even with these two projects missing. As I pointed out, currently, without these two projects, we're probably spending in the $65 to $70 million range over the next three years. Right now we have about 40 million of proceeds available from our most recent bond sale in 2005. If we were to sell the $200 million, we would probably receive about 175 in proceeds. So that's about $215 million. That approximates what the capital spending without these two projects could be over the next three years.

So we don't anticipate any problems on a rebate of arbitrage on the use of the proceeds of the Seventh Series.

COUNCILWOMAN TASCO: Okay.

Thank you.

COUNCILWOMAN BLACKWELL: Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

Just a quick follow-up on one earlier Councilwoman Tasco question. I think you said that between now and March 31st you'll work with the customers to try to make sure that there won't be shut-offs. Can you get a little more specifically what exactly you mean by that when you say work with them?

MR. BOGDONAVAGE: Councilman, currently, PGW and all the utilities in the Commonwealth of Pennsylvania are under a moratorium on shut-offs through March 31st. Obviously if I mentioned March 31st as a point, I misspoke. We work with the customer all through this process. It's just that through March 31st obviously we will not be shutting off residential customers and we'll do everything in our power to make sure that we can reach a settlement or an agreement on how they may pay back part of their delinquent bill.

COUNCILMAN GREENLEE: Okay. But I guess what I'm getting at, like what outreach exactly do you do? Like the Councilwoman said, after falling behind a little bit, she got a shut-off letter. I mean, is there a follow-up or is the next step with the customer?

MR. BOGDONAVAGE: Well, what we would like to do obviously, if customers are of a low income, about 150 percent of poverty, we have outreach for LIHEAP, which is the federal government program for low income assistance. Also, we would work with the Crisis grants, which are those grants that are given to customers to alleviate a shut-off notice.

In addition to that -- and I'll let Mr. Hershey expand upon it -- there's also a City program that's been funded up to the tune of about $200,000 that we can make available to certain customers if they qualify to make sure that they stay on the system and not have their gas interrupted. And obviously as we come out of the winter moratorium, we'll make any agreements that we feel are reasonable with the customer so that we can assure ourselves that we'll have a timely repayment over a number of months or years on our gas bill and also make it affordable for the customer. But I'll defer to Mr. Hershey.

COUNCILMAN GREENLEE: I know Mr. Hershey and I have talked about this previously, but I was just trying to get on record specifically what kind of things are done.

MR. HERSHEY: Thank you, Councilman.

Mr. Bogdonavage has hit most of the key points here and, that is, as a customer gets in trouble with payments, we try to move them into CRP if they're eligible, which is, of course, the most affordable option; move them into budget billing if they're not eligible for CRP; look for various grants that might be available, and that starts with the traditional LIHEAP Cash and Crisis grants. The City has stepped forward with a small pot of money that assists customers who are vulnerable that we're able to draw down on. And in addition, PGW, working with ACORN, has persuaded the state to come up with a larger pot of money that we're drawing down, and we began telephoning last week for those customers who are off, to Councilwoman Blackwell's point earlier, so that we can bring them back on, provide service when we might not otherwise have been able to do that.

COUNCILMAN GREENLEE: Okay.

MR. HERSHEY: We also have a very aggressive outreach program. I'm sure you've seen some of the signs on the buses. We've distributed literature in various places. Part of the agreement with ACORN is that the neighborhood energy centers and ACORN itself will provide outreach through their own organizations to supplement the outreach that we do.

COUNCILMAN GREENLEE: Thank you. And I particularly support that telephone contact by PGW. I think that makes a lot of sense. Thank you, Mr. Hershey.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you very much.

Are there further questions from members of the Committee?

(No response.)

COUNCILWOMAN BLACKWELL: Seeing none, we are going to have the Clerk read the title of the bill dealing with City depositories. We neglected to read it earlier, before we enter into a stated meeting.

MR. BOGDONAVAGE: Councilwoman Blackwell, I appreciate your time, and all the members of the Finance Committee.

COUNCILWOMAN BLACKWELL: Thank you. Thank you.

Clerk, would you please read the title of Bill No. 060052.

THE CLERK: Bill 060052, an ordinance amending Section 19-201 of The Philadelphia Code, entitled "City Depositories," by revoking the depository status of Wachovia Bank, and revising the list of City depositories, under certain terms and conditions.

COUNCILWOMAN BLACKWELL: Thank you very much. If there are no further questions from members of the Committee, we will conclude our hearing part of our meeting and we will enter into -- yes, sir. Did you want to testify?

MINISTER MERRETAZON: Yes, ma'am.

COUNCILWOMAN BLACKWELL: The hearing is recessed until the 19th with regard to depositories, sir.

MINISTER MERRETAZON: I understand. I would like to make it a matter of record.

COUNCILWOMAN BLACKWELL: Certainly.

MINISTER MERRETAZON: I'd like to say good morning to City Council.

COUNCILWOMAN BLACKWELL: Good morning.

COUNCILWOMAN BROWN: Good morning.

MINISTER MERRETAZON: My name is Minister Ari Merretazon. I'm the Board member of the National Coalition of Blacks for Reparation of America. I represent the Northeast Region as that Board member. I'm a member of the Philadelphia Chapter.

I have a statement here that I'd like to read into the record in respect to requesting the City Council of Philadelphia to revoke the depository status of Wachovia Bank.

And I'm reading. On June 1, 2005, Wachovia Corporation announced that the company had completed research on its predecessor institutions. That research revealed that two predecessor institutions; namely, the Georgia Railroad and Banking Company and the Bank of Charleston, owned slaves. We find that settlement -- while only those two predecessor institutions owned slaves, we find that statement to be disingenuous, misleading and factually untrue.

The 102-page Wachovia report referenced in Wachovia's letter of December 30, 2005 only covered 19 of Wachovia's predecessor institutions and omitted information about approximately 381. For example, researchers only reviewed 20 linear feet of microfiche material at the Historical Society of Pennsylvania, leaving approximately 130 linear feet of microfiche account ledgers unviewed.

N'COBRA submits that many of Wachovia's predecessors not disclosed were corporate entities owning plantations, railroads and shipping lines and other mercantile enterprises, which supported and advanced the slave trade and they profited therefrom. In essence, the findings of the report left the true picture of Wachovia predecessors' involvement in the holocaust of enslavement on the research floor, in microfiche trays and in file drawers.

Arrogantly, Wachovia is not complying with the requirements of Section 17-104, Prerequisites to the Execution and Validity of City Contracts, as stated in its letter to you dated December 30, 2006. In the last sentence Wachovia says, quote, "Wachovia does not intend to make reparations," unquote. The referenced letter was submitted to you with full knowledge that more than two of the predecessors benefitted from slavery or owned slaves. For example -- and I give about six examples -- the Philadelphia Bank, a predecessor of Wachovia, profited from slavery through its many investments in banks based in slave states. The Philadelphia Bank invested in railroad companies located in slave states. Slave labor was common among southern railroad companies. The bank invested in the Chesapeake and Delaware Canal, which was built in slaveholding lands. The Philadelphia Bank held 136 shares of Planters Bank of Tennessee, valued at at that time $100 a share, and 140 shares of stock in the North Tennessee Railroad Company, valued at that time at $10 a share. The report confirms several specific connections between Farmers' and Mechanics' Bank of Philadelphia and profits derived from slavery. The bank also had investments in the Grand Gulf Railroad and Banking Company, notoriously known to use slave labor.

Two, the report confirms that Girard National Bank, a predecessor of Wachovia, profited from slavery through the transacting of business with the New Orleans Canal and Banking Company, which mortgaged slaves as collateral.

And when I'm talking about slaves, we're talking about humans here.

Third, the Bank of Baltimore, a predecessor of Wachovia, profited from slavery through the State of Maryland's investment in the bank itself and the bank's investment in United States bonds. The Bank of Baltimore received the state's investment while it was a slave state. The Bank of Baltimore invested in United States bonds while the United States was taxing slaves as assets. Its founders, Christopher Johnson, Louis Pascault and George Salmon, all owned an undetermined number of slaves.

Four, Robert Morris and Thomas Willing, founders of the Bank of North America and elected officials of Philadelphia and the Commonwealth of Pennsylvania, owned a 1,500-acre indigo plantation of the Mississippi River and a 3,000-acre plantation in Baton Rouge, Louisiana. One of their -- I'll bypass their advertisement they used. It's very uncomfortable for me to read at this time.

No. 5, the list contained in "Slaves and Slave owners in Pennsylvania," the William and Mary Quarterly, 1973, matched 186 names of depositors of the Bank of North America. Stocks and dividends were also found in the name of the Agriculture Bank of Mississippi and the Mechanics and Traders Bank of New Orleans.

Six, Wachovia, through its predecessor institutions, starting with its enabling institution, the Bank of North America, directly or indirectly subjected the ancestors of African-Americans to inhumane treatment, physical and mental abuse, torture and starvation, and subjected African-Americans of today through the continued effects of the original acts, including, but not limited to, race discrimination, unequal opportunity, poverty, substandard healthcare, substandard accommodations, substandard housing, substandard education and unjust incarceration, racial profiling and inequitable pay.

Wachovia has improperly benefitted from the immoral and inhuman institution of slavery in the United States. Wachovia has failed to honestly and completely account for and/or return two African-Americans the value of their ancestors' slave labor it inherited. Wachovia has concealed the nature and scope of their participation in the institution of slavery and the inheritance therefrom, particularly their ownership and/or control of tobacco plantations in Winston-Salem, North Carolina, where many of Philadelphians have family ties.

Additionally, according to released findings by the National Community Reinvestment Coalition, NCRC, entitled "Banks Doing Better in

Philadelphia, but Significant Credit Gaps Remain," commissioned by the Philadelphia City Council, continuing vestiges of the enslavement of black people by Wachovia are exampled in that report. Namely, Wachovia made the lowest percentage of home purchase loans to African-Americans; Wachovia was found to have the worst denial disparity ratios for both home purchase and home improvement lending to African-Americans; third, Wachovia ranked last in providing equitable access to small business loans.

Consequently, because of its failure to disclose fully and voluntarily its predecessor participation in and profiting from the holocaust of enslavement of blacks in the slave trade in America and because of the findings of the disparity study by the NCRC, Wachovia is not in compliance with the requirements of Section 17-104, Prerequisites to the Execution and Validity of City Contracts.

Therefore, we are asking your offices, the City Council of Philadelphia, to require Wachovia to provide the following: A full impartial study on the impact of its participation in the holocaust of enslavement on African-Americans. Now, this requirement for a full study covering Wachovia's predecessor institutions' participation in the institution of slavery follows the same reasoning of purpose under-girding HR 40, a bill for a study on the impact of slavery on African-Americans, before the United States House of Representatives, sponsored by Congressman John Conyers.

And, two, a financial reparations plan based on its full disclosure of its predecessor institutions' profiting from slavery and the contemporary vestiges of slavery.

Further and lastly, if Wachovia refuses to do the above, we ask that this City Council issue subpoenas for the production of documents which could show the current-day effects of enslavement on blacks as participated in by Wachovia predecessor institutions. Failing this, we request each member of the City Council to vote yes to revoke Wachovia's depository status.

Thank you for the opportunity, and I engage any questions.

COUNCILWOMAN BLACKWELL: Thank you very much for your testimony, Mr. Merretazon. We will be announcing that we'll have hearings again on the 19th at 2:00 on this issue.

MINISTER MERRETAZON: Thank you very much.

COUNCILWOMAN BLACKWELL: Is there anyone else here who would like to testify on either bill, PGW or the Wachovia Bank issue?

(No response.)

COUNCILWOMAN BLACKWELL: Thank you very much.

Yes, sir. Come forward.

MR. JONES: I'm Jasper Jones. I'm with the Center for Economic and Social Justice, and what I'd like to do is put into the record the historical problem that we're facing here. I have a written document and I'd like to get your e-mail address and send that to you.

Basically, the situation with PGW has to do with peak oil and our failure to implement strategies to deal with that. Fifteen years ago, to give you an example, DuPont saw that peak oil was coming, and all of their products are produced mostly by plant oils. Philadelphia, when PGW was first formed, produced sin gas rather than natural gas, because that was the cheapest strategy available. We should now take and reorganize the Water Department and the Philadelphia Gas Works so that we take the millions of cubic feet of methane gas that's burned off every day by the sewage department and produce sin gas by enriching it with hydrogen. That would allow the billion dollars that we're giving big oil for natural gas to stay in Philadelphia County and allow us to take that billion dollars and use it to educate our people who are incarcerated from Philadelphia County and give them decent jobs.

The capital to do this is available from the Co-op Bank, and I represent a person who has the ability to represent the City properly in this reorganization plan. It does not make any economic sense to continue along this strategy, given that we have a date certain when we're not going to have natural gas available and its price is going to be constantly increasing and be unaffordable to the majority of citizens of Philadelphia County. We need to look outside of the box and begin to deal with our problems in an economic manner rather than having these crisis hearings and trying to patch something that cannot be fixed because of a structural problem that's worldwide.

My background, so that you understand that I'm not just talking off my head, I have a degree, as my friend sitting there knows, from the Wharton School and I specialized for the last 30 years in this type of system implementation. And this is a doable project that has all types of benefits for the City and would allow us to come out of the problem that we're having now and move us back to what we were as a world manufacturing center. Philadelphia was once a world manufacturing center because we had an education system that worked and we had cheap water and energy available for business and manufacturing so they could produce competitive products. We no longer have that, so we now have the situation that we are faced with, which is basically it's not affordable for the people that live here who are just normal residents to function and it doesn't make any sense for a manufacturing business to stay here. That's why we have been losing manufacturing jobs for the last 30 years.

This proposal that I put on the table will produce jobs internally and allow that billion dollars to stay in Philadelphia County. We need to take a look at that, and I have given to several of the Councilpeople an ordinance proposal that deals with these issues and introduces access to the people and institutions that have the capacity to make this happen. I'd like to follow up with the Councilpeople, if that's possible, to discuss this in detail after this meeting.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much.

Are there any questions for this witness?

(No response.)

COUNCILWOMAN BLACKWELL: Thank you very much.

Is there anyone else here who would like to testify?

(No response.)

COUNCILWOMAN BLACKWELL: Thank you very much. We will conclude our hearing and enter our stated meeting.

The Chair will recognize Councilman W. Wilson Goode with regard to an amendment to Bill No. 060052. As you will note, the amendment was circulated earlier adding another bank to the list for depositories, and the Chair will recognize Councilman Goode for a motion.

COUNCILMAN GOODE: Thank you, Madam Chair. I believe the amendment to Bill No. 060052 has been circulated. To run through the technical amendments as they are, very quickly, I'm amending Section 1 to add Sovereign Bank as to make it consistent with Bill 070091, which I introduced last Thursday. I am striking Section 2 of the bill, consistent with a City Law Department opinion, which is attached to the amendment. I'm striking Section 3 of the bill for similar reasons. In essence, No. 2 and No. 3, if we are to strike Wachovia Bank, the bill itself does not need to say why or when.

So I move for the adoption of the amendment to Bill No. 060052.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that the amendment to Bill No. 060052 be adopted.

All in favor will say aye.

(Aye.)

COUNCILWOMAN BLACKWELL: Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it and so the amendment is passed.

The Chair recognizes Councilman Goode for a motion on the bill, as amended.

I'm sorry. That's right. After I announced it three times, I neglected it.

To note, the amendment is adopted and the bill will be heard with the other bills on biosolids on March 19th, not March 5th, as I said earlier, but March 19th at 2:00 p.m. So Bill No. 060052, that amendment and that amended bill will be heard March 19th at 2:00 p.m., as will Bill No. 060108 and 060109, which are on the biosolids.

The Chair now recognizes Councilwoman Tasco on an amendment to Bill No. 070047.

COUNCILWOMAN TASCO: Madam Chair, I move that the amendment to Bill 070047 be adopted.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that the amendment to Bill No. 070047 be adopted.

All in favor will say aye.

(Aye.)

COUNCILWOMAN BLACKWELL: Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it and the amendment is adopted.

The Chair now recognizes Councilwoman Tasco for a motion on the amended bill.

COUNCILWOMAN TASCO: Madam Chair, I move that Bill 070047, as amended, be reported out of Committee this day, with a request for a suspension of the rules so that this bill can be heard at the next Council session.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 070047, as amended, be reported out of Committee and, further, that the rules of Council be suspended so as to permit first reading at our next session of Council.

All in favor will say aye.

(Aye.)

COUNCILWOMAN BLACKWELL:

Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it and so the bill passes.

The Chair recognizes Councilman O'Neill with regard to Bill No. 070048. A suspension of the rules is requested.

COUNCILMAN O'NEILL: Madam Chair, I move that Bill No. 070048 be reported out of this Committee with a favorable recommendation and also a recommendation that the rules of Council be suspended to allow first reading.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 070048 be reported out of Committee with a favorable recommendation and, furthermore, that the rules of Council be suspended so as to permit first reading at our next session of Council.

All in favor will say aye.

(Aye.)

COUNCILWOMAN BLACKWELL:

Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it and so the bill passes.

The Chair recognizes Councilwoman Reynolds Brown with regard to an amendment to Bill No. 070075.

COUNCILWOMAN BROWN: Thank you, Madam Chair. I move that Bill No. 070075 be amended.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 070075 be amended.

All in favor will say aye.

(Aye.)

COUNCILWOMAN BLACKWELL: Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it and so the amendment is adopted.

The Chair now recognizes Councilwoman Reynolds Brown with a motion with regard to approval of the amended bill, with a suspension of the rules.

COUNCILWOMAN BROWN: Thank you, Madam Chair. I move that Bill No. 070075, as amended, be reported out of Committee with a favorable recommendation and further move that the rules of Council be suspended as to permit first reading at the next scheduled session.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 070075, as amended, be reported out of Committee and, furthermore, that the rules of Council be suspended so as to permit first reading at our next session of Council.

All in favor will say aye.

(Aye.)

COUNCILWOMAN BLACKWELL: Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it and so the bill passes.

That concludes our Calendar for the day. We thank everyone for being here and remind you -- we certainly thank the Committee for their time and commitment, and remind all of you that City depositories as well as the biosolids will be heard. Those bills will be heard, which is Bill No. 060052, Bill 060108 and 109, on March 19th at 2:00 p.m.

This hearing is adjourned. Thank you.

(Committee on Finance adjourned at 11:25 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 on February 20, 2007, and that this is a true and correct transcript of same.

____

MICHELE L. MURPHY

RPR-Notary Public

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