COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING AND PUBLIC MEETING
BEFORE THE COUNCIL COMMITTEE ON FINANCE

- - -

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, December 2, 1998
9:45 a.m.

- - -

BILL 980759 - Capital Redevelopment Asisstant Program application.

BILL 980782 - Parking Authority bill.

BILL 980791 - Water Department Bill
BILL 980792 - " " "
BILL 980793 - " " "

BILL 980679 - Related to City Depositories.

(Full text of all bills within transcript and attached.)

PRESENT: COUNCILWOMAN ANNA CIBOTTA VERNA, Chair
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN W. THACHER LONGSTRETH

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I N D E X

12/2/98 FINANCE COMMITTEE - Bill 980759

P R O C E E D I N G S

COUNCILWOMAN VERNA: Good morning. I apologize for the delay.

This is the public hearing for the Finance Committee I would ask the clerk to please read the title of Bill No. 980759.

MS. MURRAY: Bill No. 980759, an ordinance authorizing the Philadelphia Authority for Industrial Development ("PAID") to file an application with the Office of the Budget, Commonwealth of Pennsylvania, under the Capital Redevelopment Assistance program, in an aggregate amount not to succeed $76,400,000 to assist in the development of the Asociacion De Musicos Latinos Performing Arts Center, the Congreso de Latinos Unidos, Inc. Community Center, the Freedom Theater, the Gateway Visitor Center on the Mall in Independence National Historic Park, the Lonnie Young Recreation Center, the Point Breeze Performing Arts Center, the Regional Performing Arts Center, the Please Touch Museum, the Rock School Ballet, and the Zoological Society of Philadelphia Primate Project.

COUNCILWOMAN VERNA: Good morning.

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Please identify yourself for the record.

MR. FINA: Good morning, Councilwoman Verna and members of the Finance Committee. My name is Robert Fina. I am Senior Vice President of the Philadelphia Industrial Development Corporation, and am appearing on behalf of the Philadelphia Authority for Industrial Development (PAID).

I am here today to testify in support of Bill No. 980759 authorizing PAID to apply for redevelopment assistance grants from the Commonwealth of Pennsylvania in an aggregate amount of $76,400,000 for ten redevelopment assistance projects. The funds will be used to assist in the development of the Asociacion De Musicos Latino Performing Arts Center, the Congreso de Latinos Unidos, Inc. Community Center, the Freedom Theater, the Gateway Visitor Center on the Mall in Independence National Historic Park, the Lonnie Young Recreation Center, the Point Breeze Performing Arts Center, the Regional Performing Arts Center, the Please Touch Museum, the Rock School Ballet, and the Zoological Society of Philadelphia Primate Project.

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Bill No. 980759 will authorize PAID to enter into agreements with the City to apply for State funding, enter into agreements with the Commonwealth's Office of the Budget to carry out the purposes of City Council's ordinance, designate the City and/or the project recipients to assume the requirement of the full match for each project respectively, designate the City/and or the project recipient to reimburse the Commonwealth for its share of any expenditure found to be ineligible by the Office of the Budget, and obligate the City and/or the designee to complete the projects within a mutually agreed-upon time frame between the Office of the Budget and PAID, including reasonable extensions requested by the City; or the City will reimburse the Commonwealth for any State funds expended for the project respectively.

Exhibit A of the ordinance provides project descriptions for each of the ten projects seeking funding from the Commonwealth. Therefore, I will not include such in my testimony. However, I will briefly identify the project and the amount of State funding being sought in a process by which the Commonwealth accepts applications for funding from PAID.

Asociacion De Musicos Latino Performing Arts Center, at Fifth and Huntington Streets, seeks $2 million in development assistance.

Congreso De Latino Unidos, Inc. Community Center at at Sommerset and American Streets seeks $2,500,000 of redevelopment assistance.

Freedom Theater's John E. Allen Theater, at Broad and Jefferson, seeks $3 million.

The Gateway Visitors Center on the Mall in Independence National Park seeks $10 million in State redevelopment assistance funding.

The Lonnie Young Recreational Center, at Chelten and Ardleigh Street, in West Oak Lane, seeks $1 million.

The Point Breeze Performing Arts Center, in the 1600 block of Point Breeze Avenue, seeks $12 million.

The Please Touch Museum, currently located at 21st Street, near near the Franklin Institute, but may relocate to Penn's Landing, seeks $5 million.

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The Regional Performing Arts, at Broad and Spruce Streets, seeks $43,400,000, of which $35 million had been previously awarded by the Commonwealth to the former concert hall project, and $8.4 million had been previously awarded by the Commonwealth to the Performing Arts Center project.

The Rock School of the Pennsylvania Ballet, at Broad and Washington Avenue, seeks $1 million.

And the Zoological Society of Philadelphia Primate House, in Fairmount Park at Girard Avenue, seeks $2.5 million.

To apply for State redevelopment assistance funding, the Commonwealth's Office of the Budget, or the Governor'S Office, must, in writing, authorize PAID to submit an application to the Office of the Budget. The Commonwealth's House of Representatives in the Senate of the State must first have included the project by name and amount and the amount of State funding in the current approved State Capital budget. The State funds must be matched dollar for dollar with non-Commonwealth funding.

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Prior to PAID submitting a preauthorized application for State funds to the Office of the Budget, 50 percent of the non-Commonwealth funding must be committed to the project. The Commonwealth will fund a project only after the application has been approved, and all funding necessary to complete the project has been verified to be available.

The Office of the Budget reimburses the City's designated project recipient for construction and acquisition costs after proof that funds have been expended. The Office of the Budget also requires many other procedureal actions that are too numerous to recount here but that PAID monitors for compliance.

It should be noted that under the previous administration in Harrisburg, Governor Casey's administration, similar requirements were imposed by the Office of the Budget for 14 projects, with $34,272,000 in redevelopment assistance, with a combined total cost of $339 million. I am pleased to advise, although demanding and time-consuming, all 14 projects were completed in accordance with the Commonwealth's requirements.

I again request the Finance Committee's favorable recommendation of Bill No. 980759, and that the rules of Council be suspended to permit first reading at the next regularly scheduled session of Council.

Should you have any any questions, I would be pleased to answer them to the best of my ability, either now or at a later date.

COUNCILWOMAN VERNA: Thank you. As I understand it, the projects listed in the bill have all been proved by the State?

MR. FINA: They're all approved in the State Capital Budget -- all listed in the State Capital Budget, and the Budget Office has authorized us, with the exception of Freedom Theater, where the governor had publicly said he will authorize it, but we have not received a letter for that project yet.

COUNCILWOMAN VERNA: Mr. Fina, what are the full matching requirements for each project and who is responsible for the match, the City or the project recipient?

MR. FINA: Well --

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COUNCILWOMAN VERNA: If it's the City, are the funds provided for in the current five-year plan?

MR. FINA: That's a very good question. What we do is, we require each recipient of the dollars -- the ultimate project identified name -- to provide the matching dollars. However, the City must agree that if the matched dollars cannot be provided and the project fails, any State funding that has gone into the project must be reimbursed to the Commonwealth by the City.

What PAID does, and what we've done under the 14 other projects, we do not request State funding, so there's no problem for the City to meet that obligation until the dollars are spent appropriately and it's on a reimbursement basis. So the dollars will not flow to the project until we are absolutely certain that the dollars are funded properly and that the match is there. We verify that.

And, candidly, the Commonwealth will not release any dollars until they're sure the matching dollars are available. So although technically, it is the City's requirement, procedurally, we make certain that the City will never have any obligation, any real obligation.

COUNCILWOMAN VERNA: In your testimony, you state that 14 projects have been completed with over $34 million in redevelopment assistance from the State. Would you please provide the committee with a list of these projects and the purpose of the funding and their location in the City.

MR. FINA: I could attempt to give you all 14 now, but I think it would be better if I gave you a written statement, but I can give you a couple ideas.

The Capital Project on South Broad Street that the School District did, the Wilma Theater, the Brandywine Theater. The Freedom Theater received previous dollars to do part of their project, a joint venture on North Broad Street re some of projects that were successfully completed, but I will provide you with a detailed list.

COUNCILWOMAN VERNA: Would you, please.

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Are there any questions from members of the committee?

COUNCILMAN LONGSTRETH: I'd like to make a statement.

COUNCILWOMAN VERNA: Yes, the Chair recognizes Councilman Longstreth.

COUNCILMAN LONGSTRETH: I just wanted to say for the record that I am a member of the Board of PAID and have been since it was first form several years ago. And I've also been a board member and a member of the Executive Committee of PIDC since 1964.

COUNCILWOMAN VERNA: Thank you.

COUNCILMAN LONGSTRETH: Hardly a man is alive who now remembers.

(Laughter.)

COUNCILWOMAN VERNA: Mr. Fina, is there a need for a suspension of the rules on this?

MR. FINA: Yes, I've asked for that, and I would appreciate it if the committee would favorably consider that.

COUNCILWOMAN VERNA: I thank you.

MR. FINA: Thank you.

COUNCILWOMAN VERNA: Is there anyone

else to testify on this bill? Councilman Nutter, do you have any questions?

COUNCILMAN NUTTER: Councilwoman, I have no questions of Mr. Fina today; I may have some tomorrow, but I have none for him today.

MR. FINA: I'm willing and ready to answer any questions that Councilman Nutter may pose. Thank you.

COUNCILMAN LONGSTRETH: Don't be so sure of that.

(Laughter.)

COUNCILWOMAN VERNA: Thank you.

MR. FINA: Thank you.

COUNCILWOMAN VERNA: Is there anyone else to testify on this bill?

(No response.)

COUNCILWOMAN VERNA: Hearing none, the clerk will read the title of Bill No. 980782.

MS. MURRAY: Bill No. 980782, an ordinance authorizing the Director of Finance and the Commissioner of Public Property to enter into certain agreements with the Philadelphia Parking Authority ("The Parking Authority") and to take other actions with respect to the Parking

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Authority as are necessary to enable the Parking Authority to proceed with a commonly financed, multi-site, off-street parking facilities acquisition, construction improvement, repair and refinancing project. Such agreements, approvals and actions to include: a service agreement between the City and the Parking Authority whereby the City obligates itself, if and as necessary to appropriate and make certain payments in respect of debt service on Parking Authority bonds issued to finance the project, including refunding of certain outstanding Parking Authority bonds.

COUNCILWOMAN VERNA: I believe everyone has a copy of the testimony.

Good morning. Please identify yourself for the record and proceed with your testimony.

MR. QUEENAN: Yes, good morning. My name is Thomas Queenan. I'm the Treasurer for the City of Philadelphia.

Before I get started with my written testimony, I'd like to offer up a couple of changes -- very, very minor to the ordinance. If I can give you a copy or refer to page 4 of the pink sheet.

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COUNCILWOMAN VERNA: Do you have them written?

MR. QUEENAN: Yes. They're extremely minor. It's just changing a word in two places.

On Page 4, the first paragraph at the top where, in parentheses, it says "the appendix," that should actually say "the sublease."

COUNCILMAN NUTTER: Say that again.

MR. QUEENAN: In the parentheticals in the very first paragraph on the top of Page 4 of the pink ordinance bill, the word "appendix" should actually read "sublease."

A second change is very similar. The paragraph beneath that, the B paragraph, where it says "the appendix shall. . ." It should actually say "the sublease."

And that's the extent of the changes. I'm sorry. That was just picked up by our counsel.

COUNCILWOMAN VERNA: Thank you.

MR. QUEENAN: Also noted by my counsel is a couple of additions to my testimony that I've submitted, so actually I'm going to read my entire testimony with the changes, some additions to my actual written testimony for the record.

I appear today with Rina Cutler, the Executive Director of the Philadelphia Parking Authority --

COUNCILWOMAN VERNA: Excuse me.

MR. QUEENAN: I have extra copies of my testimony.

Okay, I'm here today with Rina Cutler, the Executive Director of the Philadelphia Parking Authority. Miss Cutler and I will testify in support of Bill No. 980782.

The purpose of Bill No. 980782 is to authorize the Director of Finance and the Commissioner of Public Property to enter into certain agreements with the Philadelphia Parking Authority and to take other actions with the Authority pursuant to a commonly financed, multi-site parking facility acquisition, construction and improvement, and refinancing of certain outstanding Philadelphia Parking Authority bonds.

The total size of the proposed Series 1999 Parking Revenue Bonds is approximately $65 million. The Series 1999 Bonds will refund the outstanding Series 1979 Parking Revenue Bonds and the outstanding Series 1975 Parking Revenue Bonds, for an estimated present value savings of 3 percent.

The Series 1999 Bonds will also fund: acquisition of property and construction of a garage facility at 20th and Walnut Streets in an amount of $26 million; renovations to the Independence Mall Parking Facility, in an amount of $16 million; development of two parking lots for Freedom Theater, in an amount of approximately $.4 million; and general improvements to existing garage facilities in an amount of approximately $2 million.

The Series 1999 Bonds will fund the above-referenced projects pursuant to a single indenture that will pledge the revenues of these facilities, the mini system, for payment of the bonds. The City will support the system by obligating to budget money to fund any debt service reserve fund deficiencies that may occur in a current year in the next fiscal year. This frame work will be an improvement to how the City currently advances funds to restore debt service

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reserve funds on existing garages.

In the past, the City has secured funds the debt service reserve funds for each garage pursuant to a single indenture. If revenues of the single garage were insufficient to meet the debt service requirements of that garage, funds from another garage that generated surplus revenues could not be used to assist in payment of debt service on the weaker garage. Therefore, the City was obligated to fund a deficiency, if any, of an individual garage.

For example, the outstanding Series 1975 Bonds financed the construction of the Ninth and Filbert Streets garage. This garage has had difficulty generating sufficient revenues for debt service payments and the Debt Service Reserve Funds. As a consequence, the City has been contributed $250,000 a year towards the Debt Service Reserve Fund for this garage.

By including this garage into the mini system, along with a reduction of the debt service payments via the refunding of the Series 1975 Bonds, sufficient revenues will be available debt service expenses for the Ninth and Filbert Street garage. Therefore, the $250,000 payment currently made by the City will likely be discontinued.

The Series 1999 Bonds will be fixed-rate bonds in demoninations of $5,000, interest will be payable semiannually, the bonds will be issued as revenue bond debt secured by revenues of the Philadelphia Parking Authority projects listed above. We expect to pursue provision of bond insurance for all bonds. Therefore, such bonds will be rated AAA.

None of the revenue bond debt will have any recourse to the revenues of the City General Fund, but are subject to the obligation of the City to advance funds from annual appropriations if there are deficiencies in the Debt Service Reserve Fund.

So that's my added language.

COUNCILWOMAN VERNA: So that's the part that was not included in your testimony yesterday.

MR. QUEENAN: Yes. And I can provide you with this sheet once I'm completed, by the way.

COUNCILMAN LONGSTRETH: Could you repeat that part there?

MR. QUEENAN: Sure. I'll start with the -- therefore, such bonds be rated AAA. None of the revenue bond debt will have any recourse to the revenues of the City General Fund, but are subject to the obligation of the City to advance funds from annual appropriations if, there are deficiencies in the Debt Service Reserve Fund.

So in other words, as described earlier --

COUNCILMAN LONGSTRETH: I still don't really catch it.

MR. QUEENAN: Okay. The way that we have typically done garage financings for the City of Philadelphia is that the City has obligated to pay any deficiencies in the Debt Service Reserve Fund of a particular garage. So as I used the example of Ninth and Filbert Street, this is a garage that was built in 1975. It doesn't generate enough revenues to pay the debt service on the bonds and to fund its Debt Service Reserve Fund.

So as a consequence, it's about a $250,000 shortfall in the Debt Service Reserve Fund. And the City is obligated to actually fill that reserve fund back up on an annual basis, which we did last year, in the amount of $250,000.

This transaction's creating a mini system so that the four projects that I've described -- 20th and Walnut, Freedom Theater parking lots, the Independence Mall parking facility, and the garage at Ninth and Filbert and Second and Sansom -- are going to be put into a single system. So that if one of these garages doesn't generate enough revenues to support itself completely, by combining them, we --

COUNCILMAN LONGSTRETH: The others could just pick it up?

MR. QUEENAN: Yeah, the other ones can pick it up, right.

COUNCILMAN LONGSTRETH: So the City is relieved of the burden it has passed on to the conglomerate of --

MR. QUEENAN: Right, so the burden that the City has for the single garage will cover these four systems, but the four garages in the system should be sufficient enough to take care of one another.

COUNCILMAN LONGSTRETH: Okay.

MR. QUEENAN: And so it's the same kind of an obligation that the City had on the single garage. The City will continue to have that obligation on the four. However, by having these four facilities in one system, the likelihood of the City having to provide additional funds is lessened.

COUNCILMAN LONGSTRETH: Thank you.

COUNCILWOMAN VERNA: And, Mr. Queenan, this is the first time we're attempting to do something like this?

MR. QUEENAN: Yes, it is. It's the first time that we're actually looking to combine four facilities into a single indenture versus continuing to do a facility with a single indenture, which we've done in the past.

COUNCILWOMAN VERNA: Okay. Does that complete your testimony?

MR. QUEENAN: Just one other item. The preliminary schedule for the sale of these bonds is mid-December '98, with a projected closing date of January. Just a moment, please.

(Mr. Queenan briefly confers with a colleague.)

MR. QUEENAN: Therefore, I respectfully request a suspension of the rules pursuant to this ordinance.

Attached is a copy of the financing team.

That concludes my testimony I'll turn it over to Miss Cutler to provide testimony about the proposed use of bond proceeds. Thank you.

COUNCILWOMAN VERNA: Thank you. Miss Cutler.

MS. CUTLER: Good morning, Councilwoman Verna, members of the Finance Committee. My name is Rina Cutler. I'm the Executive Director of the Philadelphia Parking Authority. I appreciate the opportunity to testify this morning in support of Bill No. 980782.

This bill will allow the Philadelphia Parking Authority to proceed with two garage projects and to refinance two bonds issues related to two existing garages.

Ordinance components. Item number 1. Approval of the issuance of parking revenue bonds through the approval of a contract between the City of Philadelphia and the Philadelphia Parking

Authority to advance City funds to a bond reserve fund in the event revenues from the four garages are insufficient to pay the operating costs and the debt service on the bonds.

Items 2 and 3. Two subleases relating to the independence Mall project. The first is a sublease between the City of Philadelphia and PAID for a portion of the facility to create the subterranean level of the Visitors Center and new exits from the parking garage to the new Visitors Center. The second is an extension to 2027 of the sublease between the City and the Parking Authority for the balance of the Independence Mall garage.

Item 4 is the approval for the Parking Authority to utilize the air space above Moravian Street and the subterranean space below Moravian Street to construct a new garage project, which is a mixed-use development in the Rittenhouse Square neighborhood of the City.

The following projects totalling $65 million are proposed to be financed through the issuance of Parking Authority parking revenue bonds:

26 million for the acquisition and construction of a mixed-use development at 1907 to 1915 Walnut Street, 127 to 129 South 20th Street, and 1904 to 1926 Sansom Street. This development will consist of a 615-car garage, 8 levels of parking, as well as a 7500-square-foot restaurant, and a 36,000-square-foot, 8-screen movie theater.

16 million for the Independence Mall project. These monies will be used to upgrade the current facility and include the following improvements: bring the garage into compliance with current ADA requirements by installing elevators to the surface; new lighting and signage; new revenue control equipment; concrete repair and a new waterproofing system; new electrical, mechanical, and plumbing systems; and the construction of a three-level great room atrium space, which will connect the parking garage directly into the new Visitors Center.

Refinance the 1979 bonds which were issued to construct the Parking Authority's 615-space parking facility at Second and Sansom Streets. The debt service on this garage is currently guaranteed by a 1979 City contract.

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This will save approximately $4.73 million.

Refinance the 1975 bonds which were issued to construct the Parking Authority's 850-space parking facility at Ninth and Filbert Streets. The garage is also known as "the Market Street East garage" or the "Gallery I garage." The debt service on this garage is currently guaranteed by a 1975 City contract. Approximate amount of savings is $6.88 million.

400,000 for two new neighborhood parking lots which will be leased to Freedom Theater as part of the Parking Authority's commitment to the Avenue of the Arts North. These parking lots allow Freedom Theater to provide adequate off-street parking for their facility as well as other neighborhood parking needs.

Approximately $2 million for upgrades and capital improvement at other Parking Authority garage locations. There are several benefits to this financing plan. The first combines the City's obligation to fund debt service reserve fund deficiencies into one City contract so that stronger garages pay debt service before the City is required to provide funds. This is projected to eliminate the City's current annual payment obligation in the amount of $250,000 for the Ninth and Filbert garage. This combines revenues from four garages to pay debt service, which results in a stronger system anticipated to be self-supporting. All excess revenues flow to the Parking Authority to pay City rent and charges that are now trapped under the current bond indenture. Refunds the 1975 and 1979 bonds to create savings and provides financing mechanisms for new garage projects as well as capital improvement to Philadelphia parking garages.

In addition to this testimony, a briefing package has been prepared and submitted to City Councilmembers. This package reflects my previous comments as well as Philadelphia Parking Authority revenue numbers since 1992. It also includes financial projections for revenues and costs associated with the 1999 bonds.

Thank you for allowing me to testify in support of Bill No. 980782. I will be happy to answer any questions you may have.

MR. QUEENAN: Before we move to the next section, again, Thomas Queenan, City

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Treasurer.

Yesterday, we sent over a revised Appendix B. Was that made available to all?

COUNCILWOMAN VERNA: Yes.

MR. QUEENAN: And there should have been a Summary of Changes Sheet that accompanied it, and I forgot to read that into the record, that that is also a change in the ordinance, that there has been a revision to Exhibit B. And there's a two-page summary sheet on top of it that describes the summary of changes.

COUNCILWOMAN VERNA: But it's not an amendment to the bill; it's an amendment to the exhibit?

MR. QUEENAN: Yes. It's been revised pursuant to the items listed under Section A, which provides that we --

COUNCILWOMAN VERNA: Well, what are some of the changes?

MR. QUEENAN: Well, I'll read what I have here, the brief overview of the changes to the Sublease Agreement:

One is, the title of the document has changed so that it no longer refers to a 1959

Master Agreement, and references to the Master Agreement have also been deleted.

COUNCILMAN NUTTER: I'm sorry, Madame Chair.

Mr. Queenan, are you talking about this document that says "Summary of Changes to Exhibit B?"

MR. QUEENAN: Correct.

COUNCILMAN NUTTER: To the ordinance?

MR. QUEENAN: Correct.

COUNCILMAN NUTTER: Okay.

MR. QUEENAN: Attachment B is an attachment to the ordinance.

COUNCILMAN NUTTER: Okay. And now you're talking about changes in this Exhibit B document?

MR. QUEENAN: Yes.

COUNCILMAN NUTTER: Okay.

MR. QUEENAN: What I can offer to you, as counsel is here who produced this particular document, and I believe that the scope of the changes have more to do with the legal aspects of preparation of the document. I can have that person available to speak to you as well if there are any questions.

COUNCILWOMAN VERNA: Well, I think we should know what the changes are.

COUNCILMAN NUTTER: Yeah, we'd like to know what the changes are. And do these changes need to be amended into the Exhibit B document?

MR. QUEENAN: We're actually substituting the Exhibit B that we had sent over with this new Exhibit B.

COUNCILMAN NUTTER: All right. So you're just putting in a new Exhibit B.

MR. QUEENAN: Exactly.

COUNCILMAN NUTTER: Okay. Yeah if you can get us the explanation on the changes.

MR. QUEENAN : If there are any outstanding questions, we have counsel available to provide additional clarification.

But the first one, as an overview, is the title of the document has changed so so that it no longer refers to the 1959 Master Agreement, and references to the Master Agreement have also been deleted.

Two, generally the basis for calculating parking charges was revised.

Three, the calculation of rent payable to the City is set forth in the Sublease Agreement rather than in the reference to the Master Agreement.

And, item 4, paragraphs 11(b) and (c) in Section 12 were inadvertently omitted due to computer error and now have been inserted.

So the changes refer more to typos as well as to changes in references from, for example, the 1959 Master Agreement. That reference has been changed out of the document. Calculation of parking charges has been revised. And the calculation of the rent payable to the City pursuant to the Sublease Agreement has also -- is referenced actually in the Master Agreement versus the sublease.

COUNCILMAN NUTTER: Can I ask a question?

COUNCILWOMAN VERNA: Yes. The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Mr. Queenan, for instance, this item 2, the basis for calculating parking charges was revised. What was it and what was it revised to and why?

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(Barbara Adams comes forward.)

MS. ADAMS: Barbara Morris. I'm with Duane, Morris, and Heckscher. We're counsel to the Parking Authority.

This Sublease Agreement was drafted by the City Solicitor's office, and we provided input into that process in order to meet the needs of the Parking Authority with respect to the Independence Mall garage space.

We observed -- the reason -- you'll recall Mr. Queenan advised you of the change in word to the ordinance from "appendix" to "sublease."

COUNCILMAN NUTTER: Right.

MS. ADAMS: The term "appendix" had been used because the Solicitor's office had been accustomed to drafting these documents as appendices to a 1959 Master Agreement. We need a little background till I get to your question.

COUNCILMAN NUTTER: Right.

MS. ADAMS: There is no reason to do it that way. The 1959 Master Agreement set up certain requirements for what parking charges had to reflect -- certain expense components. And we when we deleted the references to the Master Agreement, we had to insert into this sublease all of the requirements with regard to calculating those parking charges which had been in the Master Agreement. In addition, there were certain modernizations to language to conform with the indentures that were made.

COUNCILMAN NUTTER: Miss Adams, one quick question just for background purposes.

Who is the Master Agreement between, and who is the Sublease Agreement between?

MS. ADAMS: The Master Agreement was between the City and the Parking Authority, but it basically was structured to anticipate that the City finance the garages, that the City issue bonds and finance garages which it then leased to the Parking Authority.

So the terms of the Master Agreement were not technically applicable to what is occurring in this transaction where the Parking Authority is issuing the bonds, and the City's role is just to advance funds in the event there are deficiencies in the Debt Service Reserve Fund.

COUNCILMAN NUTTER: Right. It puts the Parking Authority in the primary position now of being responsible for payment as opposed to the City. The City now in the secondary position, only making up deficiencies.

MS. ADAMS: Right.

COUNCILMAN NUTTER: Whereas in the Master Agreement, we were the issuing authority; and who was responsible for deficiencies, the City also?

MS. ADAMS: Well, the City because the City had the deep pocket.

COUNCILMAN NUTTER: Or so people believe.

MS. ADAMS: Yes. It was very difficult to incorporate the terms of Master Agreement into this sublease because this is not that kind of a deal. And, finally, after review of why the 1959 agreement could be abandoned in this case, the City Solicitor's office agreed that it was no longer necessary that Council has the authority, without reference to a '59 Master Agreement, to authorize a lease.

This lease runs -- this is a sublease

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between the City and the Parking Authority for that subterranean garage at Independence Mall.

COUNCILMAN NUTTER: Does the Master Agreement also go away because there are no more outstanding bonds that have been issued by the City? And with the City making up deficiencies, are all bonds issued by the Parking Authority -- or issued on behalf of the Parking Authority actually issued by the Parking Authority at this point in time?

MS. ADAMS: I don't know the answer to that. The Master Agreement does not go away, it still exists; it's just that this lease is not pursuant to that agreement anymore.

COUNCILMAN NUTTER: It just has nothing to do with that?

MS. ADAMS: Right.

COUNCILMAN NUTTER: It's irrelevant for this transaction.

MS. ADAMS: Right.

COUNCILMAN NUTTER: Okay.

MS. ADAMS: And the other changes I hope you have but I don't know if you have, there is a black-lined copy of the sublease that used to

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be called "the appendix," which shows exactly what was changed from the copy that had been provided to you when the ordinance was initially introduced.

COUNCILWOMAN VERNA: I'm sorry. I was distracted. Would you mind repeating that, please.

MS. ADAMS: I have -- and I hope you have -- the City Solicitor's office, I thought, had forwarded to Council the black-lined copy that shows all of the changes that were made, the actual text of the changes that were made since Exhibit B was introduced to Council together with the ordinance in October.

COUNCILWOMAN VERNA: We don't have that. I would assume that the chief clerk may have that.

MR. QUEENAN: Right. You actually have a copy of Exhibit B, but it's not black-lined.

COUNCILMAN NUTTER: Right.

MR. QUEENAN: It's not not black-lined.

COUNCILMAN NUTTER: Is this considered, then, the final version with the changes? Or is this the original appendix Exhibit B without the

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changes? What is the document that we actually have?

MS. ADAMS: You have the --

MR. QUEENAN: The copy that you have in your hand, which is a clean copy, sir. The black-lined copy and the clean copy are one in the same except that the top one is a black-lined copy, and the one in your package is minus the black line.

COUNCILMAN NUTTER: All right, just so the record is clear, you're saying that we have a black-lined version, and the clean version we have is the cleaned-up version of the black-lined version that you're handing in?

MS. ADAMS: Right. And it's been suggested that it would be helpful for you to know that what we're discussing here is an exhibit to the ordinance, not a portion of the body of the ordinance itself. And the copy which is on file at the chief clerk's office is the final version. It's just -- should anyone be comparing from the original to the final, the black line will show you each change.

COUNCILMAN NUTTER: But are you, in

fact, also asking us this morning, based on these changes, that we need to amend the bill to --

COUNCILWOMAN VERNA: No, we don't amend the bill; we amend the exhibit.

MS. ADAMS: The pink bill doesn't get amended other than the change in word "appendix" to "sublease."

COUNCILMAN NUTTER: So you're putting us on notice that there's a new Exhibit B, which is an appendix, which is an attachemtn to the ordinance.

MS. ADAMS: Correct.

COUNCILWOMAN VERNA: And I understand you to say that the chief clerk's office has the amended copy?

MS. ADAMS: Yes.

MR. QUEENAN: Yes.

COUNCILWOMAN VERNA: Thank you.

COUNCILMAN NUTTER: I think, Miss Adams, you actually got called up, though, to respond to this item number 2, the basis for calculating parking charges was revised. We didn't go over that, did we?.

MS. ADAMS: Well, someone just took my

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black line but --

(Laughter.)

COUNCILMAN NUTTER: We can go back through all that discussion if you want to.

MS. ADAMS: If I can borrow that back, thank you.

There are a series of expenses basically which are -- which parking charges are required to be set at a level so they're sufficient to meet.

COUNCILMAN NUTTER: Are you reading item number 7 on Page 4?

MS. ADAMS: I am referring to item 7, yes.

COUNCILMAN NUTTER: Okay.

MS. ADAMS: But, as background, the purpose for item 7 is to establish a base level of parking charges, a requirement that the Parking Authority set charges at a rate to cover certain expenses. And those expense categories were actually clarified to show that any gross receipts would also include income on investments, which wasn't necessarily clear.

Debt service is reflected in a separate

category, item number 5. You can see the debt service had been reflected in item number 4, but had just been moved to its own category. These were changes made by the City Solicitor's office because they wanted to see the material set forth in just a different form.

Direct operating expenses. It was made clear that that was to include trustee fees. There was added the requirement that the charges be sufficient to reimburse the Authority for monies in connection with improving the garages. Also in connection with alterations, additions, and other improvements, and to pay rent to the City. And then the rent due the City, rather than being subject to a formula in the Master Agreement, is now set forth in this agreement. And that appears in Section 8, where the actual calculation of the constant rate due the City is set forth.

Previously, there were provisions in the Master Agreement which set forth a methodology for a rent determination between the Commissioner of Public Property and the Parking Authority. Since we no longer are referring to the Master

Agreement, there actually is set forth in this agreement the actual rent. And the rent that is set forth here is the existing computation of the rent the Parking Authority pays with respect to the Independence Mall garage to the City annually.

So parking charges have to be sufficient to pay City rent.

COUNCILMAN NUTTER: Right.

MS. ADAMS: And that rent is now set forth.

COUNCILMAN NUTTER: Now, Parking Authority pays us rent because we, the City, technically own all of these garages?

MS. ADAMS: All of them are quite different. In this case, the garage is constructed on a lease that the City has with the Commonwealth of Pennsylvania. And that's what your subleasing to the Parking Authority.

And so in consideration of that sublease, the Parking Authority pays rent.

COUNCILMAN NUTTER: I'm sorry. I missed that part. Why do we have a lease with the Commonwealth?

MS. ADAMS: Because the Commonealth

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owns the ground or owned the ground. Technically right now, the Commonwealth owns the ground, has leased it to the City for Independence Mall.

COUNCILMAN NUTTER: For the particular garage, okay.

MS. ADAMS: That is not true of other garages.

COUNCILMAN NUTTER: Okay, all right.

MS. ADAMS: Each garage has a different ownership structure.

COUNCILMAN NUTTER: Right, okay.

COUNCILWOMAN VERNA: What do they pay the City?

COUNCILMAN NUTTER: Yeah, for that particular location, what do you pay the City? And do we pay anything to the Commonwealth since -- do they own the garage or do they own the ground?

MS. ADAMS: The ground.

COUNCILMAN NUTTER: They own the ground.

MS. ADAMS: Yes.

COUNCILMAN NUTTER: On which we build a garage.

MS. ADAMS: They actually built in the mid-'60s, and then they leased the built garage to the City, which the City is subleasing to the Parking Authority.

COUNCILMAN NUTTER: So the Parking Authority pays us rent.

MS. ADAMS: Right.

COUNCILMAN NUTTER: Do we pay anything to the Commonwealth?

MS. ADAMS: No.

COUNCILMAN NUTTER: They're so nice up there.

MS. ADAMS: Right.

COUNCILWOMAN VERNA: And how much?

COUNCILMAN NUTTER: And what's the amount.

MS. ADAMS: Well, now, I can't tell you what the actual amount is; I can tell you what the computation is.

MS. CUTLER: Are you speaking specifically on the Independence Mall garage, Councilwoman?

COUNCILWOMAN VERNA: Yes.

MS. CUTLER: Rent to the City on that

garage, in the last fiscal year, the Parking Authority fiscal year ended May 31, 1998, was $530,219.

COUNCILWOMAN VERNA: 500 and what?

MS. CUTLER: I'm sorry.

COUNCILMAN NUTTER: Was that just for the last fiscal year?

MS. CUTLER: $530,219.

COUNCILMAN NUTTER: You're parking a lot of cars down there.

MS. CUTLER: Yes, we do.

COUNCILWOMAN VERNA: And that goes to the General Fund.

MS. CUTLER: That is correct.

COUNCILMAN NUTTER: One of the other questions is, we understand now what your rent is. What did the Parking Authority actually make out of that transaction? 'Cause I'm -- ours is -- I mean if the formula is -- what I'm reading here is the rent equals 0.75 times (0.85) times gross revenues, excluding parking taxes, minus operating expenses.

So are there net revenues to the Parking Authority?

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MS. CUTLER: There were net revenues to the Parking Authority as well as the Independence Mall, Councilman. Those net revenues -- and I had to do a quick Matt, but those net revenues were approximately 955,000.

COUNCILMAN NUTTER: The net revenues to the Parking Authority plus your rent payments to the City equal the total gross revenue at the location, or is it --

MS. CUTLER: Total net revenue.

COUNCILMAN NUTTER: Total net revenue.

MS. CUTLER: Less expenses.

COUNCILMAN NUTTER: Less your expenses. What were your expenses at the location? I assume your expenses are all --

MS. CUTLER: Total expenses at that garage in the last fiscal year were almost $600,000.

COUNCILMAN NUTTER: Is that primarily personnel?

MS. CUTLER: Personnel, equipment, insurance.

COUNCILMAN NUTTER: All right. So we've got 500,000 coming to the City, 900,000

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going to you, 600,000 in expenses. This is like a $2 million operation down there?

MS. CUTLER: The total gross revenue at this facility last year was about 1.5, 1.6 million.

COUNCILMAN NUTTER: I'm sorry?

MS. CUTLER: I'm sorry.

COUNCILMAN NUTTER: 500,000 in rent coming right to the City, which comes out of the formula.

MS. CUTLER: I apologize. I was reading the wrong line. The operating total gross revenues were $1.4 million. Operating expenses were roughly $556,000 dollars, payment to the City was $530,000.

COUNCILMAN NUTTER: Right.

(Mr. Robb comes forward.)

MS. CUTLER: Sit down, you need to introduce yourself.

MR. ROBB: My name is Vince Robb, Controller for the Parking Authority.

COUNCILWOMAN VERNA: You're going to have to pull the mike closer to you.

MR. ROBB: My name is Vince Robb,

Controller for the Parking Authority.

MS. CUTLER: Councilman I gave the you wrong figure for --

COUNCILMAN NUTTER: I'm just trying to determine what the gross revenues were at the Independence Mall parking lot.

MR. ROBB: If I understand the question correctly, we're taking the revenues, less operating our expenses. We pay rent to the City. The money that is left over is what you're referring to?

COUNCILMAN NUTTER: Well, I thought we had gotten through that part. We then come back to, What's the big number?

MS. CUTLER: I gave you the one.

COUNCILMAN NUTTER: What's the total revenues at the Independence Mall garage?

MR. ROBB: The revenue at the Independence Mall garage is 1.485 million for that particular year.

MS. CUTLER: I gave you the wrong number, Concilman, for the park Authority piece of that.

COUNCILMAN NUTTER: Okay.

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COUNCILWOMAN VERNA: Well, what is the figure?

MS. CUTLER: That's the question, Vince, the Parking Authority's piece.

MR. ROBB: Well, what we have left at the bottom line is $388,000.

COUNCILMAN NUTTER: Is that net income to you?

MR. ROBB: No, the rent to the City is 530,219. So when we take our revenues less our expenses, less the rent to the City, we are left with $388,000.

MS. CUTLER: That was the Parking Authority's portion.

COUNCILMAN NUTTER: Oh, not the 900,000 figure.

MS. CUTLER: Yes, that's correct.

COUNCILMAN NUTTER: Okay, gotcha. So the gross revenue at the Independence Mall garage, just so we're straight, was $1.4 million in your last fiscal year?

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Okay.

COUNCILWOMAN VERNA: I'm rather curious

after hearing these figures. How many parking spaces do we have at this garage and what do we charge for parking?

MS. CUTLER: We have 650 spaces at the Independence Mall garage. I think the maximum rate is. . . I believe the maximum rate -- the all-day rate is $12.

COUNCILMAN NUTTER: Do you know how many cars you parked in that fiscal year to generate that kind of revenue?

MS. CUTLER: I don't, Councilman. I don't have the figures with me. And part of why I can't give you an adequate answer is because it really depends on how many times a day you turn over the spaces.

COUNCILMAN NUTTER: I understand, yeah.

MS. CUTLER: At the moment, it's completely full. Because of construction, we've had to close one level. I had made a commitment to the City to keep two-thirds of the garage open during this entire construction, so once we eliminated a third, we have no more space.

COUNCILWOMAN VERNA: Would you say that this garage generates more money than any other that we have? I'm surprised at this.

MS. CUTLER: Outside of the airport garages, Councilwoman, yes.

COUNCILWOMAN VERNA: You indicated in your testimony, Miss Cutler, that there would be 615 spaces at the Rittenhouse garage, and I believe 8 levels of parking?

MS. CUTLER: That's correct.

COUNCILWOMAN VERNA: Can you tell me if you have met with the Center City Residents Association? And if so, what is their stand on this?

MS. CUTLER: We have met with Center City Residents Association, both formally and in small groups, for the last two and a half years. At this point, I think they have -- at least based on my last meeting with them, which was several weeks ago -- no objection.

We have agreed to go back to them for design review once we get further along in the process. But I think at this point, we've addressed the majority of their issues in a way that they are comfortable with.

COUNCILWOMAN VERNA: As a general rule,

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when we have such a hearing, they usually put their feelings in writings, whether they're opposed or in agreement to it, so if we could get a letter from them, I would appreciate it.

MS. CUTLER: I will certain call them.

COUNCILWOMAN VERNA: What capital improvements are planned for garages, and where are these garages located?

MS. CUTLER: There are a number of general capital improvements planned for all of the Parking Authority garages. They include the Second and Sansom garage, the Tenth and Ludlow garage, the Independence Mall garage, and the Market Street East garage.

Most of these garages are, you know, they were built in the '70's. They need upgrading to ensure their life span continues. So it's everything, for instance, from new elevators to waterproofing systems to new revenue control systems, upgrading the electrical and mechanical and plumbing systems. We just want to ensure that the life span of the garage will continue with adequate maintenance.

COUNCILWOMAN VERNA: What is status of

the zoning variances for the Rittenhouse Square project? Has the Art Commission approved, has the Historic Commission approved? Can you tell us just what the status is?

MS. CUTLER: I can, Councilwoman. None of those -- we still need to go through processes with the Historic Commission, the Zoning Commission, and the Arts Commission. And if we get approval to continue on with these processes, we will be seeking those approvals right after the first of the year.

COUNCILWOMAN VERNA: What will the financial impact be if the parking garage at the Rittenhouse Square does not move forward?

MS. CUTLER: We have provided financing numbers to the Finance Committee members as well as other members of Council to ensure that the mini system of garages will be self-sufficient either with the Rittenhouse Square project or without it.

COUNCILWOMAN VERNA: Thank you.

Any questions? The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

What is the time frame again for this? For example, Rittenhouse Square, when when is it planned to begin and --

MS. CUTLER: On the Rittenhouse project, we expect to go all through all of the approval processes we need. Beginning after the 1st of the year, we hope to be in construction, assuming all of those approvals are given to us summer of '99, and we expect to complete the garage by the end of the year 2,000.

COUNCILWOMAN BLACKWELL: That's the garage, the theater all of it.

MS. CUTLER: All of that, yeah.

COUNCILWOMAN BLACKWELL: Thank you.

COUNCILWOMAN VERNA: Can you tell us what the MBE/WBE requirements are? AND if they are in place at this point in time for the new garage construction at the Rittenhouse development?

MS. CUTLER: Yes. The Parking Authority has met with the City and agreed on the same goals as the City currently does with respect to both contractual awards and employment numbers. So we will be using those in all of the contracts that we put out. None of those contracts for Rittenhouse have been let.

COUNCILWOMAN VERNA: I would think so. The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: In that area, two questions. One, Councilwoman, did you ask what would happen if the zoning approval or Historical Commission, if it did not --

COUNCILWOMAN VERNA: I did.

COUNCILMAN NUTTER: If it did not move forward? I'm sorry, I missed the end.

MS. CUTLER: Yes, let me repeat it for you. We have provided financing numbers to members of the committee that show that the mini system itself will be self-supporting either with Walnut Street or without Walnut Street.

As part of the bonds indenture, we have done two things. The first is that we have allowed for an extraordinary call on the $26 million portion related to Walnut Street so that those bonds can be redeemed. Or we have set up a system where we may come back to Council to substitute other garage development projects in lieu of that, Walnut Street.

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COUNCILMAN NUTTER: When you make reference to the Walnut Street project, you're primarily talking about the restaurant and the movie theater?

MS. CUTLER: And garage.

COUNCILMAN NUTTER: And garage.

MS. CUTLER: Right.

COUNCILMAN NUTTER: But you're saying if, for some reason, approvals from other agencies are not forthcoming for either the restaurant or the movie theater, you would proceed?

MS. CUTLER: No, it would be for the whole project, Councilman, yes.

COUNCILMAN NUTTER: For the whole project?

MS. CUTLER: Yes. The movie theater and the restaurant actually need less zoning variances than the garage in this case.

COUNCILMAN NUTTER: Oh, okay, that's interesting. All right.

Let me go back. This may be more -- or you may know this as well. How much outstanding debt does the Parking Authority have presently?

MS. CUTLER: Approximately $95 million

in outstanding debt at its airport garages, and these two outstanding bond issues that we are refinancing.

COUNCILMAN NUTTER: You're saying they're all included in $95 million?

MS. CUTLER: No, those are on top of the 95 million at the airport, which is in a separate indenture.

COUNCILMAN NUTTER: The two that you're refunding, what's the total?

MS. CUTLER: 12 million.

COUNCILMAN NUTTER: So you have 95 and 12.

MS. CUTLER: Currently, that's correct.

COUNCILMAN NUTTER: Currently. What's the debt ceiling for the Parking Authority?

MS. CUTLER: None.

COUNCILMAN NUTTER: You have no debt ceiling?

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Okay. Because all of your debt is revenue --

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: -- and indenture in

the bonds that you can pay it.

MS. CUTLER: To answer earlier question, Councilman, it is my understanding that none of the current garages that continue to operate have City-issued bonds. You had asked that question earlier.

COUNCILMAN NUTTER: Right. They're all Parking Authority bonds.

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Okay. Now how many garages does the Parking Authority operate?

MS. CUTLER: Operate? The reason I ask is there --

COUNCILMAN NUTTER: Yeah, "operate" seems to be an operative word here.

MS. CUTLER: Well, at the moment, we operate only one. We have leases for private operators at additionally four garages.

COUNCILMAN NUTTER: Private operators, at some point in time, build a garage, but you manage them?

MS. CUTLER: We own them.

COUNCILMAN NUTTER: You own them.

MS. CUTLER: And then we oversee

additionally one other City garage, which is the garage at Love Plaza, underneath Love Plaza, which is on a long-term lease and will be returning back to us in 2,000.

COUNCILMAN NUTTER: Let me ask you a different question. For the 95 and the 12 million dollars that we talked about of outstanding debt, what garages are captured by your outstanding debt?

MS. CUTLER: In this indenture, four of those garages.

COUNCILMAN NUTTER: In which indenture? No, no, no.

MS. CUTLER: I'm sorry.

COUNCILMAN NUTTER: You have $95 million in outstanding that you said was primarily airport garage.

MS. CUTLER: That's all out at the airport, yes.

COUNCILMAN NUTTER: And then another $12 million, which is a part of this transaction, that you're trying to refund.

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Which covers

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whatever garages they cover. For your debt, is your testimony that your debt is only covering airport garages and the others that are part of the 12 million, and which garages are those?

MS. CUTLER: No. The airport garages are under a separate indenture and don't come into this.

COUNCILMAN NUTTER: Right, I understand that.

MS. CUTLER: And the revenues from the airport pay those. The rest goes into the Aviation Fund.

COUNCILMAN NUTTER: Right.

MS. CUTLER: For these, we currently have 12 million outstanding in debt. If this passes, we will have 65 million in debt.

COUNCILMAN NUTTER: Right.

MS. CUTLER: And the four garages that are in this indenture will pay that debt.

COUNCILMAN NUTTER: Right, okay. So you're saying that once you do this transaction, either in your testimony or Mr. Queenan's testimony, you make reference to the need to go to a mini system, because in the past, each garage was responsible for supporting a debt that went with that particular garage. And if there were deficiencies, the City had to make up for it.

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Now you're going to a kind of a wrap-around debt structure which says that this garage is successful, this garage is not but we're not going to go to the City to go make the coverage; we're going to basically take the money from the more successful garages to cover all of the various potential debts.

MS. CUTLER: Debt for the system.

COUNCILMAN NUTTER: For any individual garage.

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Once you do this, will there be any garages that have their own debt structures, that if they are deficient, the City would have to step in and make up the deficiency?

MS. CUTLER: No, there are no garages with debt outside of this system.

COUNCILMAN NUTTER: Okay. Councilwoman Verna asked you about MBE/WBE/DBE inclusion. Your response was on construction, I believe.

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COUNCILWOMAN VERNA: Mm-hmm.

MS. CUTLER: On all contracts.

COUNCILMAN NUTTER: What about the permanent jobs?

MS. CUTLER: We had never included the employment numbers in before this set of contracts which will be issued. The City has requested that we include those goals in these contracts, and we have agreed to do so.

COUNCILMAN NUTTER: Okay. And what, if any, discussion was there still -- in the frame work of MBE/WBE DBE, what discussion, of any, was there with regard to the non-garage aspects of the Walnut Street project, as you referred to it, specifically either the movie theater the or the restaurant?

MS. CUTLER: Well, the restaurant is included in the portion of the project that the Parking Authority will construct, and so that is part of that. The movie theaters are going to be constructed by the tenant, and not by the Parking Authority.

COUNCILMAN NUTTER: Well, are you just going to do a frame work of a space and --

MS. CUTLER: We will give them a shell.

(Unintelligible, parties talking over each other.)

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Okay. So let me go back to -- how do you plan to deal with MBE/WBE/DBE issues as it relates to the restaurant either from an ownership standpoint or a contract standpoint? 'Cause you're not going to operate the restaurant, right?

MS. CUTLER: We will not operate but we will certainly own it and we will construct it. And so it will be included in all the same construction documents as the rest of the project. It will all be constructed at the same time.

COUNCILMAN NUTTER: I understand that part. Are you anticiparing in its operation that there would be only one operator?

MS. CUTLER: In the restaurant?

COUNCILMAN NUTTER: Yeah.

MS. CUTLER: Yes, that's correct.

COUNCILMAN NUTTER: Okay. And so I guess I'm still trying to understand. What, if

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anything, will you be able to do about MBE/WBE/DBE issues as it relates to this essentially separate, although constructed by you, owned by you, entity that will be run by someone else?

MS. CUTLER: Relative to the construction of it, I don't see it as an issue. Relative to the employment levels of the companies constructing it, I don't see issues. I'm not sure that I can have anything other than a recommendation in terms of employment once it is completed, leased, and operational.

COUNCILMAN NUTTER: How will you seek -- how will you seek an operator of the restaurant?

MS. CUTLER: We have identified an operator and are currently under lease negotiates.

COUNCILMAN NUTTER: So you already have an operator for the restaurant.

MS. CUTLER: Assuming the lease negotiations are successful, yes.

COUNCILMAN NUTTER: Was that done by an RFP or a public notice or --

MS. CUTLER: It was in fact not, Councilman. We had received a number of calls from restaurateurs who were somewhat familiar with this process. It was a determination based on a letter of intent to lease the space to Neil Stein for a restaurant on the Walnut Street side. It was not -- it was not a public bid.

COUNCILMAN NUTTER: This particular individual sought you out?

MS. CUTLER: That is correct.

COUNCILMAN NUTTER: Such that if you ever engaged in some project like this, they might have an interest in doing something --

MS. CUTLER: That is correct.

COUNCILMAN NUTTER: -- in and about that general location?

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: Okay. Do you have a requirement when you do non-garage operations to issue RFPs or scour out to the public to see if anyone has interest in engaging in those kinds of opportunities?

MS. ADAMS: Generally speaking, yes. However, we acquired these sites, the bulk of these sites by obtaining an assignment of an existing agreement of sale that had been concluded between the then-existing owner and a private entity which had already begun discussions with regard to a restaurant, and they reserved the right --

COUNCILMAN NUTTER: They, who?

MS. ADAMS: The counter party who had the agreements of sale already on the properties, the private entity who had the -- there were agreements of sale between the owners and the private entity.

COUNCILMAN NUTTER: All right, take me back a little bit. This is the site where the theater burned down on Walnut Street?

MS. ADAMS: Right.

COUNCILMAN NUTTER: So somebody owns the site, they decide to sell it to whomever they want to sell it to.

MS. ADAMS: And they did --

COUNCILMAN NUTTER: Okay.

MS. ADAMS: -- have written agreements of sale --

COUNCILMAN NUTTER: All right.

MS. ADAMS: -- with a private group, Moreland Investments.

COUNCILMAN NUTTER: Right.

MS. ADAMS: That group --

COUNCILMAN NUTTER: To do what?

MS. ADAMS: So that Moreland could buy the properties at established prices that Moreland had negotiated with the owners of the parcels.

COUNCILMAN NUTTER: Right.

MS. ADAMS: Moreland was probably not going to be able to conclude those sales. The Parking Authority found out about it and said, We will take an assignment, and there was negotiation with Moreland about the terms and conditions under which the Parking Authority could acquire Moreland's right to acquire the properties from the existing owners.

COUNCILMAN NUTTER: Did the Parking Authority have to pay Moreland anything for the assignment?

MS. ADAMS: Yes. And most importantly in response to your question, Moreland reserved certain rights, including rights with respect to the retail space and the right to negotiate the use of the retail space.

So generally speaking, the Parking

Authority would engage in some kind of public-negotiateded or competitive process with regard to non-parking spaces in its garage facilities. But in this case, the Parking Authority did not have that right because we were unable to acquire that right from Moreland, who retained the right.

COUNCILMAN NUTTER: In the assignment, you were essentially stuck with a deal that had already started --

MS. ADAMS: Right.

COUNCILMAN NUTTER: -- down a particular path.

MS. ADAMS: Right. And presumably, had we been able to acquire those rights as well, we would have had to pay them more, so we elected to let them continue with those rights and pay a reduced price for the assignments of the agreements of sale.

COUNCILMAN NUTTER: Did Moreland ever pay anything or expend any funds as a result of their agreement of sale with the original owner?

MS. CUTLER: Yes.

MS. ADAMS: Yes.

COUNCILMAN NUTTER: And in your negotiations with Moreland, and you testified earlier that you had to pay something to Moreland --

MS. CUTLER: That's correct.

COUNCILMAN NUTTER: -- for the assignment. Do you have any information that indicates whether you paid an amount equal to what Moreland's expenses were in their negotiations with the original owner, or did you end up paying some additional premium?

MS. CUTLER: For the purchase of the properties, I paid what had been negotiated by Moreland to the six individual property owners.

COUNCILMAN NUTTER: Right.

MS. CUTLER: But as part of the agreement to purchase, we did agree to pay -- much of what had already been paid by Moreland were deposits on the land, legal fees. They had done a Phase I environmental, so we reimbursed those costs.

COUNCILMAN NUTTER: At the net cost? Or did Moreland make anything out of the assignment transaction?

MS. CUTLER: Over and above their costs, yes, I believe they did. No?

MS. ADAMS: No. What they, quote, made was there reserved rights in the non-parking portions of the parcels. Otherwise, what we compensate -- what they documented to us, out of-pocket disbursements.

COUNCILMAN NUTTER: Mm-hmm.

MS. ADAMS: And that's what the Parking Authority paid. In lieu of paying some profit to Moreland, if you will, they reserved these rights with respect to the non-parking space.

COUNCILMAN NUTTER: Okay. So my last question on this: And exactly what are those rights?

MS. ADAMS: With respect to retail space, which was defined as the -- I mean, we didn't know exactly what was going to happen, but the probable restaurants and the probable theater, they reserved the right to be the party that would be leasing or selling -- it turns out we're probably going to condo this and sell the theater.

So they would be the party negotiating

that sale because they would have the right to acquire the parcel from the Parking Authority. They reserved the right to reserve those spaces, whether by lease with respect to the restaurant, or sale with with respect to the theater. And they also reserved certain rights with respect to the air space.

COUNCILMAN NUTTER: So they're left in the position of being able to cut their own deal with the eventual restaurant operator or theater operator, and that's business between those two parties off to the side, away from us.

MS. ADAMS: Correct. Obviously, we have some control. You know, it has to be a nice restaurant, a nice theater, etc.

COUNCILMAN NUTTER: Okay. Thank you, Madame Chair.

COUNCILWOMAN VERNA: Thank you.

Are there any other questions from members of the committee?

(No questions.)

COUNCILWOMAN VERNA: Do we have anyone else to testify on this bill?

(No response.)

COUNCILWOMAN VERNA: Thank you very much.

MS. CUTLER: Thank you.

COUNCILWOMAN VERNA: You're welcome.

The clerk will please read Bills No.'s 980791, 980792, and 980793, which are really companion bills, are they not?

COUNCILMAN NUTTER: Right.

COUNCILWOMAN VERNA: Miss Cutler, I'm sorry, did you ask for a suspension of the rules on that?

MS. CUTLER: We did, Councilwoman, thank you.

COUNCILWOMAN VERNA: Thank you.

MS. MURRAY: Bill No. 980791, an ordinance constituting the Fourth Supplemental Ordinance to the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented; authorizing the Bonds Committee, or a majority of them, to issue and sell either at public or private sale in one or more series or subseries, Water and Wastewater Revenue Refunding Bonds of the City of Philadelphia; authorizing approval of the form or forms of bonds; providing that the bonds shall bear interest at a prescribed fixed rate, or rates, or at variable rates which may be payable in different modes, and authorizing agreements to provide credit enhancement or payment or liquidity sources or swap payments for the bonds and certain other actions; authorizing the Director of Finance of the City to take certain actions with regard to the sale of such Water and Wastewater Revenue Refunding Bonds, the investment of proceeds thereof and the City's continuing disclosure obligation; designating the obligations to be refunded from the proceeds of such Water and Wastewater Revenue Refunding Bonds, and setting forth the use of proceeds and providing for the application of interest and income earned on such proceeds; determining the sufficiency of the Project Revenues; covenanting the payment of interest and principal; and supplementing the Restated General Water and Wastewater Revenue Bond Ordinance of 1989.

Bill No. 980792, an ordinance constituting the Fifth Supplemental Ordinance to the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented;

authorizing the Bonds Committee, or a majority of them, to issue and sell either at public or private sale in one or more series or subseries, Water and Wastewater Revenue Refunding Bonds of the City of Philadelphia; authorizing approval of the form or forms of bonds; providing that the bonds shall bear interest at a prescribed fixed rate, or rates, or at variable rates which may be payable in different modes, and authorizing agreements to provide credit enhancement or payment or liquidity sources or swap payments for the bonds and certain other actions; authorizing the Director of Finance of the City to take certain actions with regard to the sale of such Water and Wastewater Revenue Refunding Bonds, the investment of proceeds thereof and the City's continuing disclosure obligation; designating the obligations to be refunded from the proceeds of such Water and Wastewater Revenue Refunding Bonds, and setting forth the use of proceeds and providing for the application of interest and income earned on such proceeds; determining the sufficiency of the Project Revenues; covenanting the payment of interest and principal; and supplementing the Restated General Water and Wastewater Revenue Bond Ordinance of 1989.

Bill No. 980793, an ordinance constituting the Sixth Supplemental Ordinance to the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented; authorizing the Bonds Committee, or a majority of them, to issue and sell either at public or private sale in one or more series or subseries, Water and Wastewater Revenue Refunding Bonds of the City of Philadelphia; authorizing approval of the form or forms of bonds; providing that the bonds shall bear interest at a prescribed fixed rate, or rates, or at variable rates which may be payable in different modes, and authorizing agreements to provide credit enhancement or payment or liquidity sources or swap payments for the bonds and certain other actions; authorizing the Director of Finance of the City to take certain actions with regard to the sale of such Water and Wastewater Revenue Refunding Bonds, the investment of proceeds thereof and the City's continuing disclosure obligation; designating the obligations to be refunded from the proceeds of such Water and Wastewater Revenue Refunding Bonds, and setting forth the use of proceeds and providing for the application of interest and income earned on such proceeds; determining the sufficiency of the Project Revenues; covenanting the payment of interest and principal; and supplementing the Restated General Water and Wastewater Revenue Bond Ordinance of 1989.

COUNCILWOMAN VERNA: You can start again. Identify yourself for the record, please.

MR. QUEENAN: Yes. Good morning, I'm Thomas Queenan, City Treasurer. Before I get started, I'd like to make a slight amendment to the three ordinances that have been offered. This is a very --

COUNCILWOMAN VERNA: Do you have copies of the amendments?

MR. QUEENAN: Yes, I do. If you look in Section 8 of each of the three ordinances, there are two blanks. Those blanks are for dates. I'm just filling in the date, which should be August the 1st. That is the extent of the amendments to the three ordinances you've just described.

COUNCILWOMAN VERNA: Thank you.

COUNCILMAN NUTTER: Page 7.

MR. QUEENAN: So Section 8, August 1st in the blanks, each of the blanks.

COUNCILWOMAN VERNA: Please proceed.

MR. QUEENAN: With me is Kumar Kishinchand, the Water Commissioner of the Philadelphia Water Department. Mr. Kishinchand and I are here to testify in support of Bill No.'s 980791, 980792, and 980793.

The purpose of bills 980791 and 980792 is to authorize an ordinance constituting the Fourth and Fifth Supplemental Ordiance respectfully to the General Water and Wastewater Revenue Bond Ordinances of 1989, authorizing the Bond Committee, on behalf of the City, to issue and either at public or private sale in one or more series or subseries Water and Wastewater Revenue Bonds of the City of Philadelphia in an aggregate principal amount not to exceed $255 million, excluding original discount.

The bonds, the Series 1998 and '99 Bonds, pursuant to Bill No.'s 980791 and 980792 will refund outstanding portions of the Series

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1993 and the Series 1995 Water Wastewater Revenue Bonds. Due to historically low interest rates, the estimated net present value savings for this refunding is -- in fact I have some new numbers, but it is at least $4.5 million.

Yesterday, the market actually rallied, so the savings levels have actually increased for this proposed funding.

COUNCILWOMAN VERNA: And as of yesterday, what do you think the savings would be?

MR. QUEENAN: I have it here. We're looking on the Series '98 bonds, we're looking at about a 6.7, $6.9 million savings to the total transaction.

COUNCILMAN NUTTER: Madame Chair.

COUNCILWOMAN VERNA: Yes.

COUNCILMAN NUTTER: I suggest we get in the market this afternoon before anything happens.

(Laughter.)

MR. QUEENAN: So it's a good time to be in the market.

The purpose of Bill No. 980793 is to authorize an ordinance constituting the Sixth

12/2/98 FINANCE COMMITTEE - Bill 980791, 792, 793 Supplemental Ordinance to the General Water an Wastewater Revenue Bond Ordinance of '89, authorizing the Bond Committee, on behalf of the City, to issue or sell at either public or private sale to Pennvest, which is the Pennsylvania Infrastructure Investment Authority in one series, a bond in an amount not to exceed $6.7 million.

Bill No. 980793 will authorize -- would authorize a 20-year loan from Pennvest at a very low rate of 1.406 percent for the first 5 years, and 2.729 percent for the remaining 15 years. The proceeds of this loan will be used to fund the Water Department's water distribution renewal and replacement program.

The Series '98-99 Bonds will be fixed rate bonds in denominations of $5,000. Interest will be payable semiannually, and the bonds will be issued as revenue bonds, revenue bond debt secured by the revenues of the Water Department. We expect to pursue provision of bond insurance for all bonds. Therefore, such bonds will be rated AAA. None of the revenue bond debt will have any recourse to the revenues of the City General Fund.

As required by the First-Class City Revenue Bond Act and the Restated General Water and Wastewater Revenue Bonds Ordinance of 1989, the Finance Director and the City has transmitted with this financial report with respect to the water and wastewater system. Attached is the Finance Director's Report and the Consulting Engineer's Report, which should be a part of your package that was sent over a couple days ago.

The preliminary schedule for the sale of these bonds is December 17, 1998. Therefore, we respectfully request a suspension of the rules to permit the City to issue the bonds in accordance to this schedule and in order to take advantage of the historically low interest rates.

Attached is a listing of the financing team assigned to this transaction.

That concludes my testimony. I will turn it over to Mr. Kishinchand to describe the use of the proceeds by the Water Department.

COUNCILWOMAN VERNA: Commissioner, please identify yourself for the record and proceed with your testimony.

COMMISSIONER KISHINCHAND: Good

morning, Chairwoman Verna and members of the committee. My name is to Kumar Kishinchand. I'm the Water Commissioner for the City of Philadelphia. I believe my testimony has been sent to the committee.

COUNCILWOMAN VERNA: Yes. Does everyone have a copy of the Commissioner's testimony?

COUNCILMAN NUTTER: I have the Commissioner's testimony, don't have Mr. Queenan's testimony.

COMMISSIONER KISHINCHAND: I have some extra copies if you'd like.

COUNCILWOMAN VERNA: We have your testimony, Mr. Kishinchand.

COMMISSIONER KISHINCHAND: Okay. Then I'll just summarize it.

I essentially support what Mr. Queenan has already told you. As he mentioned, that this -- these monies from Pennvest will be spent essentially for water distribution system. The refinancing is essentially to reduce our debt service, and that reduction would be in the neighborhood of about $1 million on an annual basis from the year 2000 to 2003 and somewhat more modest savings in the following years.

These kinds of savings are certainly going to help us in reducing the pressure on increasing the rates, and if you recall --

COUNCILWOMAN VERNA: Oh, I didn't hear you say that.

(Laughter.)

COMMISSIONER KISHINCHAND: We've already pledge to you that there will not be a rate increase until the year 2000. And this, with your support on these bills, will certainly help us achieve that particular goal.

And insofar as the Pennvest loan is concerned, it's an excellent rate that we are getting. It's a revolving loan fund that has been set up by the Commonwealth of Pennsylvania. It's essentially financed initially by the federal government's grant program to the State, but we have become eligible for it, and this will be our second loan that we'll be obtaining, and the rates are excellent for it. And comparing to what our bond rates were essentially in 1997, the savings that we'll achieve will be in the neighborhood of about $2.5 million over that 20-year period.

So I would respectfully request your favorable consideration of this bill.

COUNCILWOMAN VERNA: Thank you. Commissioner, with the Pennvest loan, it's my understanding that that is a statewide competitive program. When was the last time we received a Pennvest loan?

COMMISSIONER KISHINCHAND: I believe in '93. It was in 1993, and that was for about $20 million that we received that.

COUNCILWOMAN VERNA: Commissioner, you have identified approximately $1 million in savings from FY 2000 through FY 2003 if these bonds go to the market at relatively favorable rates.

What savings do you project in the outer years of the debt service?

MR. KISHINCHAND: Excuse me, I'll just check the numbers. They are much smaller than that, but I will see if I have some numbers on it.

MR. QUEENAN: Okay. As mentioned by the Commissioner, the numbers are a million dollars out to 2003. Then, starting in 2004 to

2007, it's about 480,000 a year in savings. And from that point forward, it's several thousand dollars a year in savings out to the final year, which is 2013.

COMMISSIONER KISHINCHAND: They range from a little over $4,000 to a little over $1,000 a year during those out years. So most of the savings are in the initial years.

COUNCILWOMAN VERNA: Up front.

COMMISSIONER KISHINCHAND: Up front, correct.

COUNCILWOMAN VERNA: What is the up-front cost of the refinancing?

MR. QUEENAN: Well, we expect the cost for issuance to be somewhere between 1 and 2 percent of the paramount of the bonds of the total size of the transactions.

COUNCILWOMAN VERNA: What was the rate that the City received on its bonds that went to market last month?

MR. QUEENAN: Two weeks ago, the City issued the series 1998 General Obligation Bonds, which was in the amount of $250 million, that was approved by City Council. It was a 30-year issuance. We received a 5.15 interest rate on the longest bond, the 30-year piece. The average yield for entire transaction was 5.12, which is very good, very low, great rate.

COUNCILWOMAN VERNA: Will the bonds be sold at public sale or a private negotiated sale?

MR. QUEENAN: This is a negotiated transaction. We have selected an investment bank to senior-mange this transaction. It will be a public sale from the perspective that we will go to market. We plan to go to market in mid-December, and it will be a public offering to the open marketplace for sale.

COUNCILWOMAN VERNA: You have requested a suspension of the rules on these bills. Is it accurate that the required number of advertisements have appeared in the papers, which will allow us to suspend the rules on this bill?

MR. QUEENAN: Yes, that has occurred.

COUNCILWOMAN VERNA: Thank you.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: One quick question.

Mr. Queenan, attached to your

testimony, as with the previous bill, is a layout of the financing team. The total amount we're talking about is upwards of $250 million for this loan?

MR. QUEENAN: Yes, yes. Right now, we expect, given where rates are, the deal size is about $180 million at this point in time. It's been as los --

COUNCILMAN NUTTER: $180 million.

MR. QUEENAN: Pardon?

COUNCILMAN NUTTER: You said you're expecting to do $180 million?

MR. QUEENAN: Right now, with the rally in the market, yes, it's actually up to 180 million. About a week and a half ago, it was down to about a 100 million. When we actually submitted the bill to City Council. When rates were very, very low, it was up to about 240, 250.

COUNCILMAN NUTTER: That's why you asked for the authorization not to exceed 255?

MR. QUEENAN: Right. At the time that we submitted the ordinance, where the market was, we were looking around 240, 250. The markets trailed off bit as, you know, time has moved on, and we were down to 100 about a week and a half ago. And right now, we're back up to about 180. It's a lot of volatility in the marketplace right now.

COUNCILMAN NUTTER: I understand. With regard to the composition of the financing team, I would at least like to point out for the record, and I know there is a structure that the Treasurer's Office and Finance tries to follow with regard to selection of team members and kind of a pairing of different investment bankers or the legal team to specific entities, whether it's the Redevelopment Authority or the Parking Authority, or in this case, the Water Department.

You've provided the asterisks next to the various companies designating either MBE or WBE. It does stand out in contrast to, I think, the last transaction that the senior investment banking team does not have either a minority or a female firm assigned to this particular financing team, although there are some in the comanager ranks.

You and I have probably had a few discussions in the past about the nature of this kind of work and what it means to be in the senior tier as opposed to the lower tier. Notwithstanding whatever title's next to your name, in the final analysis, it's usually the senior-ranking memebers that actively manage and participate in the offering and get the bonds for sale, and that's essentially how people make money in this business, that they have bonds to fill the order.

So I just wanted to make it noted for the record, the team is what the team is, but it does stand out in this particular transaction. This is a fairly sizeable transaction; is that correct?

MR. QUEENAN: Yes. It has the potential to be quite a quite a sizeable transaction, you're absolutely correct.

COUNCILMAN NUTTER: Okay. This is an ongoing concern of mine.

Commissioner, for you, I can only say that after reading through the -- is it look Black & Veatch?

COMMISSIONER KISHINCHAND: Mm-hmm, Black & Veatch, the engineering report, mm-hmm.

COUNCILMAN NUTTER: Did the Water Department pay for this consultant review on the Black & Veatch document?

COMMISSIONER KISHINCHAND: The Water Department did pay for it, right.

COUNCILMAN NUTTER: Well, you paid well. It's an outstanding document.

COMMISSIONER KISHINCHAND: Thank you.

COUNCILMAN NUTTER: I could have used one of these, you know, probably at some point in my career. No, it does attest to the good work that the Water Department is doing. I was very pleased to read through it, and you're to be commended for it.

COMMISSIONER KISHINCHAND: Thank you very much. I appreciate your comment.

COUNCILWOMAN VERNA: Commissioner, you come here, and we're also throwing you roses. You must be doing very good.

COUNCILMAN NUTTER: He keeps that water flowing.

COMMISSIONER KISHINCHAND: Thank you.

COUNCILWOMAN VERNA: Any other questions from members of the committee.

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(No further questions.)

COUNCILWOMAN VERNA: Do we have anyone else to testify on these bills?

(No response.)

COUNCILWOMAN VERNA: Thank you. Thank you, Commissioner.

COMMISSIONER KISHINCHAND: Thank you very much.

MR. QUEENAN: Thank you.

COUNCILWOMAN VERNA: The clerk will please read title of Bill No. 980679.

MS. MURRAY: Bill No. 980679, an ordinance amending Section 19-201 of The Philadelphia Code relating to city depositories by clarifying and updating the list of institutions in which the City is authorized to deposit funds and by amending certain conditions.

MR. QUEENAN: Hi. My name is Thomas Queenan. I'm City Treasurer.

COUNCILMAN NUTTER: Long time, no see.

COUNCILWOMAN VERNA: Haven't seen you for a while.

(Laughter.)

MR. QUEENAN: I'm here today to testify

in support of Bill No. 980679, and to also say from the very beginning that I have no amendments to the ordinance that I've given you.

This bill is amending Section 19-201 of The Philadelphia Code relating to authorize City depositories; specifically to clarify and update the list of financial institutions that the City is authorized to deposit funds.

To this end, I have reviewed the financial information provided by Commerce Bank Pennsylvania and have determined that they meet the basic criteria for becoming an authorized depository. Commerce Bank has, one, been a business for the past five years; two, been profitable for the last two years; three, is federally insured; and four, has over $100 million in assets.

That concludes my testimony. Again, myself and my staff have reviewed statements of Commerce Bank, and they certainly meet the four criteria to become an authorized depository bank of the City of Philadelphia.

Thank you.

COUNCILWOMAN VERNA: Thank you. Mr.

Queenan, recently City Council approved an ordinance that was supposed to "clean up" the language, so to speak, in this ordinance related to banks that have gone out of business or who have been renamed.

Do you anticipate many more changes to this section in the near future?

MR. QUEENAN: No, I do not. I think the last time this bill was before Council and it was approved, we cleaned up a lot of the, you know, banks that are no longer actively in business. What we're doing essentially now is adding banks that are deemed capable of being a depository for the City.

COUNCILWOMAN VERNA: Thank you.

Any questions from members of the committee?

COUNCILMAN NUTTER: Well, Madame Chair, in light of your question, I guess I'm only wondering, for instance, letter H still has CoreStates Financial. Was this bill done prior to the cleanup?

MR. QUEENAN: Yes.

COUNCILMAN NUTTER: So we only have

that list to -- okay.

MR. QUEENAN: At the time, they were still legally CoreStates.

COUNCILMAN NUTTER: Right, right I understand. Mr. Queenan, it is my understanding that you've had a complete change of heart on the issue of the ATMs.

(Laughter.)

COUNCILMAN NUTTER: And you'd like to lay out your new position with regard to the banks doing business with the City? Do you want to have that opportunity now?

MR. QUEENAN: No, I will defer to the next time that item comes before this committee.

(Laughter.)

COUNCILMAN NUTTER: Thank you.

COUNCILWOMAN VERNA: Thank you. Any other questions from members of the committee?

(No further questions.)

COUNCILWOMAN VERNA: Hearing none, this will conclude public hearing.

Is there a need for a suspension of the rules on this?

MR. QUEENAN: No.

COUNCILWOMAN VERNA: I didn't think so. Oh, there is a request? Sorry.

MR. QUEENAN: Pardon me. We'd like to make a request to suspend the rules for this particular ordinance.

COUNCILWOMAN VERNA: Thank you.

MR. QUEENAN: Thank you.

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COUNCILWOMAN VERNA: We will now go into our public hearing.

The Chair recognizes Councilwoman Blackwell regarding Bill No. 980679.

COUNCILWOMAN BLACKWELL: Madame Chair, I move that Bill 980679 be reported out of committee with a suspension of the rules and a favorable recommendation so as to be considerd at our next session of Council.

(Duly seconded.)

COUNCILWOMAN VERNA: It's been properly moved and seconded that Bill No. 980679 be reported out of committee with a favorable recommendation; also a recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council.

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All those in favor will signify by saying aye?

Those voting nay?

The ayes have it, the motion is carried.

The Chair recognizes Councilman Longstreth regarding Bill No. 980759.

COUNCILMAN LONGSTRETH: I make the same recommendation on Bill No. 980759, that it be voted out favorably, with a suspension of the rules.

COUNCILWOMAN VERNA: Is there a second?

(Duly seconded.)

COUNCILWOMAN VERNA: It's been properly moved and seconded that Bill No. 980759 be reported out of committee with a favorable recommendation; also a recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council.

All those in favor will signify by saying aye?

Those voting nay?

The ayes have it, the motion is passed.

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The Chair recognizes Councilman Nutter for a motion regarding Bill No. 980782. Now, this is the one that we have to amend the Exhibit B on.

COUNCILMAN NUTTER: Right. And there's a word change.

COUNCILWOMAN VERNA: Right.

COUNCILMAN NUTTER: Madame Chair, I move that Bill 980782 be amended as the amendments were read into the record in the public hearing, and that the new Exhibit B is -- that there is a new Exhibit B being attached to the bill.

COUNCILWOMAN VERNA: No, it's not attached.

COUNCILMAN NUTTER: No, it's not attached, right. The new Exhibit B is in the chief clerk's office. So I move the amendments that have been read into the record earlier.

(Duly seconded.)

COUNCILWOMAN VERNA: Those in favor of the amendments will signify by saying aye?

Those voting nay?

The ayes have it, the motion is carried.

The Chair recognizes Councilman Nutter.

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COUNCILMAN NUTTER: Madame Chair, I move that Bill No. 980782, as amended, be reported out of this committee with a favorable recommendation and a further recommendation that the rules of Council be suspended so as to permit first reading at our next session.

(Duly seconded.)

COUNCILWOMAN VERNA: It's been properly moved and seconded that Bill No. 980782 be reported out of committee with a favorable recommendation; also a recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council.

And the record will also note that the Exhibit B has been submitted to the chief clerk's office.

All those in favor will signify by saying aye?

Those voting nay?

The ayes have it, the motion is carried.

The Chair recognizes Councilman Nutter regarding Bill No. 980791.

COUNCILMAN NUTTER: Madame Chair, I

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move the adoption of the amendment read into the record in the public hearing for Bill 9807911.

(Duly seconded.)

COUNCILWOMAN VERNA: All those in favor will signify by saying aye?

Those voting nay?

The ayes have it, the motion is carried.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Madame Chair, I move that Bill No. 980791, as amended, be reported out of this committee with a favorable recommendation and a further recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN VERNA: It's been properly moved and seconded that Bill No. 980791 be reported out of committee with a favorable recommendation; also a recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council.

All those in favor will signify by saying aye?

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Those voting nay?

The ayes have it, the motion is carried.

The Chair recognizes Councilwoman Blackwell regarding 980792.

COUNCILWOMAN BLACKWELL: Madame Chair, I move that Bill No. --

COUNCILWOMAN VERNA: No, no, the the amendment.

COUNCILMAN NUTTER: You've got amendments first, the same amendment.

COUNCILWOMAN BLACKWELL: I move that Bill No. 980792 be amended as read into the record.

(Duly seconded.)

COUNCILWOMAN VERNA: It's been properly moved and seconded that the amendment be approved.

All those in favor will signify by saying aye?

Those voting nay?

The ayes have it, the motion is carried.

The Chair recognizes Councilwoman Blackwell.

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COUNCILWOMAN BLACKWELL: Madame Chair, I move that Bill 980792 be reported out of committee with a favorable recommendation and for a suspension of the rules so as to be considered at our next session of Council.

COUNCILMAN NUTTER: Second.

COUNCILWOMAN VERNA: It's been properly moved and seconded that Bill No. 980792 be reported out of committee with a favorable recommendation, as amended; also a recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council.

All those in favor, aye?

Those voting nay?

The ayes have it, the motion is carried.

Chair recognizes Councilman Nutter regarding Bill No. 980793.

COUNCILMAN NUTTER: Madame Chair, I move the adoption of the amendments as read into the record in the public hearing for Bill No. 980793.

(Duly seconded.)

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COUNCILWOMAN VERNA: It's been properly moved and seconded that the amendments be adopted.

All those in favor will signify by saying aye?

Those voting nay?

The ayes have it, the motion is carried.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Madame Chair, I move that Bill No. 970793, as amended, be reported out of this committee with a favorable recommendation and a further recommendation that the rules of Council be suspended so as to permit first readings at our next session.

COUNCILWOMAN VERNA: So I hear a second?

(Duly seconded.)

COUNCILWOMAN VERNA: It's been properly moved and seconded that Bill No. 980793 be reported out of committee with a favorable recommendation, as amended; also a recommendation that the rules of Council be suspended so as to permit first reading at our next session of

Council.

All those in favor will signify by saying aye?

Those voting nay?

The ayes have it, the motion is carried.

This concludes our public meeting on the Finance Committee. Thank you all very much.

(Adjourned at 11:19 a.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Wednesday, December 2, 1998, were reported fully and accurately by me, and that this is a correct transcript of same.

RE: COUNCIL COMMITTEE ON FINANCE

BILL NO.'S 980759, 980782, 980791, 980792, 980793, 980679

____,

JOSEPHINE CARDILLO,

Registered Professional Reporter