

City of Philadelphia



(Bill No. 110375)

AN ORDINANCE

Constituting the Fifteenth Supplemental Ordinance to the Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented; authorizing the Bond Committee to issue and sell either at public or private sale Water and Wastewater Revenue Bonds; providing that such Bonds shall bear interest at prescribed fixed or variable rates; authorizing agreements to provide credit enhancement or payment or liquidity sources or swap payments (or any combination of the foregoing) for such Bonds; authorizing the Director of Finance to take certain actions with regard to the sale of such Bonds, the investment of proceeds thereof and the City's continuing disclosure obligation; setting forth the use of proceeds; covenanting the payment of interest and principal and supplementing the Restated General Water and Wastewater Revenue Bond Ordinance of 1989.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. *Authorization, Scope and Purpose.* This Supplemental Ordinance is enacted pursuant to the provisions of The First Class City Revenue Bond Act, approved October 18, 1972 (Act No. 234, 53 P.S. §§15901 to 15924), as amended (the "Act"), and constitutes a Supplemental Ordinance enacted for the purpose of authorizing one or more Series of Bonds within the meaning of the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989 (Bill No. 544) approved June 24, 1993, as amended and supplemented (the "General Ordinance").

The Bond Committee, or a majority of them, is hereby authorized on behalf of the City to borrow, by the issuance and sale of one or more series or subseries of Water and Wastewater Revenue Bonds of the City (the "Bonds"), a sum or sums which in the aggregate shall not exceed the principal amount of the Bonds authorized to be issued hereunder, to be expended as provided in Section 4 of this Supplemental Ordinance. In accordance with the General Ordinance, the Bond Committee shall approve final terms of the Bonds in a Determination of the Bond Committee (a "Determination") prior to, and as a condition of, the issuance of the Bonds. Such Determination shall be deemed a supplement to this Supplemental Ordinance.

The aggregate principal amount of the Bonds shall not exceed two hundred and forty million dollars (\$240,000,000), exclusive of original issue discount, and in the event the Bonds are issued with original issue discount, the Bond Committee is hereby authorized to increase the aggregate principal amount of the Bonds so issued, by the amount of such original issue discount.

City of Philadelphia

BILL NO. 110375 continued

Certified Copy

The Bond Committee is authorized, on behalf of the City to enter into agreements specified in the Determination (the "Enhancement Agreements") with any bank, insurance company or other appropriate entity providing credit enhancement or payment or liquidity sources (collectively, a "Provider") for the account of the City for the Bonds, including, without limitation, letters of credit and bond insurance. Such Enhancement Agreements may provide for payment of the principal or purchase price of, or interest on, the Bonds if the City does not pay the Bonds when due and may provide for repayment with interest to the Provider from the date of such payment.

The Fiscal Agent (as defined in the General Ordinance) is hereby designated to act as Bond Registrar pursuant to Section 3.05 of the General Ordinance.

The Bond Committee or the Director of Finance, as appropriate, is authorized to make all such covenants and to take any and all such other actions on behalf of the City as may be necessary or appropriate in connection with the consummation of the transactions contemplated herein.

SECTION 2. *Definitions.* All defined terms contained in the Act shall apply to this Supplemental Ordinance. Unless expressly given different meanings hereunder or the context clearly otherwise requires, all terms used herein shall have the same meanings assigned to them in the General Ordinance.

SECTION 3. *Terms of the Bonds.* The Bonds shall be sold either at public competitive sale to the highest bidder or bidders or at a private negotiated sale, as the Bond Committee shall determine to be in the best interest of the City.

The Bonds may be sold in one or more Series or, as authorized by the General Ordinance and as specified by the Determination, in one or more subseries, each of which shall be deemed a Series for purposes of the General Ordinance and shall be designated by letter as a Series of Bonds of the year in which such Series is issued, and may include serial bonds, terms bonds, Capital Appreciation Bonds or derivative financial instruments, as specified in the Determination. The Bonds shall bear interest from the dated date thereof, or the date of delivery, to maturity or prior redemption, if any, at prescribed fixed rates or variable rates (not exceeding any limitation prescribed by law), as specified in the Determination.

The interest on the Bonds may accrue, and may be payable, at fixed rates or variable rates, on such basis as the Bond Committee shall determine to be in the best interest of the City and which are not inconsistent with the provisions hereof, the Act or the General Ordinance, all as set forth in the Determination.

The Bonds shall contain series or subseries, designations, terms and provisions (including without limitation, interest payment dates, record dates, redemption provisions,

City of Philadelphia

BILL NO. 110375 continued

Certified Copy

denominations, provisions for payments by wire transfer and provisions for issuance of the Bonds in book-entry form) as the Bond Committee shall determine to be in the best interest of the City and which are not inconsistent with the provisions hereof, the Act or the General Ordinance, all as set forth in the Determination.

The Bond Committee or the Director of Finance, is authorized, on behalf of the City, to the extent otherwise permitted by law, to enter into, and to later terminate, as appropriate, a Qualified Swap or Swaps (or an Exchange Agreement or Agreements) or to utilize derivative financial instruments with respect to all or a portion or portions of the Bonds, including an agreement that payments by the City under such Qualified Swap or Swaps or Exchange Agreement or Agreements or other derivative financial instruments are to be made on a parity basis with the payment of the interest on the Bonds, if, in its Determination, the Bond Committee or the Director of Finance, certifies that such Qualified Swap or Swaps (or an Exchange Agreement or Agreements) or derivative financial instruments, or the termination thereof, will assist the City in more effectively managing its interest costs and that the implementation of such Qualified Swap or Swaps (or an Exchange Agreement or Agreements) or derivative financial instruments will not impair the financial viability of the System.

This authorization to enter into a Qualified Swap or Swaps (or an Exchange Agreement or Agreements) or to utilize derivative financial instruments shall be limited to Qualified Swaps or Exchange Agreements or derivative financial instruments approved by the Bond Committee as part of the plan of finance for the Bonds at the time the Bonds are issued. Any additional Qualified Swaps or Exchange Agreements or other derivative financial instruments shall require further approval of City Council.

The Bond Committee or the Director of Finance, is authorized to terminate, amend, supplement or restate, or execute a new confirmation relating to any existing Qualified Swap or Swaps (or an Exchange Agreement or Agreements) that relate to any existing Series of Bonds under the General Ordinance, including, without limitation, any Refunded Bonds (defined herein) in order for such Qualified Swap or Swaps (or an Exchange Agreement or Agreements) to be terminated or relate to any other Series of Bonds under the General Ordinance, if the Bond Committee or the Director of Finance determines such termination, amendment, supplement or restatement, or the execution of a new confirmation, to be in the best financial interests of the City and will not impair the financial viability of the System.

The Bonds shall not pledge the credit or taxing power of the City, or create any debt, charge or lien against the tax, general revenues or property of the City, other than the revenues pledged by the General Ordinance.

SECTION 4. *Purposes for the Bonds.* Proceeds from the Bonds shall be used only to:
(a) refund and redeem all or any portion of the outstanding City of Philadelphia, Pennsylvania, Water and Wastewater Revenue Bonds (the "Refunded Bonds"), including,

City of Philadelphia

BILL NO. 110375 continued

Certified Copy

without limitation, the Series 1997B Bonds, a portion of the Series 2001A Bonds and the Series 2005B Bonds; (b) if applicable, pay the costs of Enhancement Agreements and/or costs related to any Qualified Swap, including payments required in connection with the termination of all or a portion of a Qualified Swap relating to the Refunded Bonds; (c) pay any other Project Costs as such term is defined in the Act; (d) make the deposits referred to in Section 5 hereof and (e) pay the issuance costs of the Bonds.

SECTION 5. *Deposit of Bond Proceeds.* As provided in Section 5.04(f) of the General Ordinance, accrued interest, if any, on the Bonds shall be deposited in the Sinking Fund. Remaining Bond proceeds shall be deposited first in the Debt Reserve Account in an amount equal to the Debt Reserve Requirement to the extent that such requirement is not satisfied in whole or in part by available funds of the City or by a surety bond, insurance policy or letter of credit in accordance with Section 4.09 of the General Ordinance; and all other Bond proceeds and other monies currently on deposit under the General Ordinance, including current reserves and construction funds, shall be deposited or transferred as provided in a certificate of the Director of Finance.

SECTION 6. *Requirements of the Act.* Based on a report of the Director of Finance of the City filed with the City Council pursuant to Section 8 of the Act, it is hereby determined that the pledged Project Revenues, as defined in the General Ordinance, will be sufficient to: (a) comply with the Rate Covenant contained in Section 5.01 of the General Ordinance, and (b) pay all costs, expenses and payments required to be paid from pledged Project Revenues in the order and priority stated in Section 4.06 of the General Ordinance.

An opinion of the City Solicitor shall be filed with the City Council prior to enactment of this Supplemental Ordinance pursuant to Section 8 of the Act.

SECTION 7. *Payments from Sinking Fund.* The City covenants that, so long as any Bond shall remain outstanding, it will make payments or cause payments to be made out of the Sinking Fund established pursuant to the General Ordinance or any of the Water and Wastewater funds available therefor, at such times and in such amounts as shall be sufficient for the payment of the interest (including Qualified Swap payments, if any) on the Bonds and the principal thereof when due.

SECTION 8. *Tax Covenants; Bonds Not to Become Arbitrage Bonds.* The Director of Finance and any other applicable City officer are authorized to make such additional covenants and to take such other action on behalf of the City with respect to the use and investment of the proceeds of the Bonds as may be necessary or advisable in order that the Bonds shall not be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), that the City will comply with the requirements of Section 148 of the Code throughout the term of the Bonds as more fully described in the Determination and in order to otherwise effect or maintain the exclusion of interest on the Bonds from gross income of the holders thereof for federal income tax

City of Philadelphia

BILL NO. 110375 continued

Certified Copy

purposes, and further to establish such sub-accounts within the Sinking Fund and terms or restrictions relating thereto as may be necessary or advisable to permit issuance of the Bonds. For purposes of Section 4.14 of the General Ordinance, the Rebate Bond Year with respect to the Bonds shall be set forth in the Determination.

SECTION 9. *Continuing Disclosure.* The Director of Finance is authorized on behalf of the City to execute and deliver a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) meeting the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

SECTION 10. *Effect of Ordinance.* This Ordinance is supplementary to the General Ordinance and all sections of the General Ordinance and the Act not inconsistent herewith are applicable to the Bonds authorized hereunder.

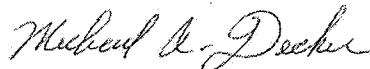
SECTION 11. *Effective Date.* This Ordinance shall take effect immediately.

City of Philadelphia

BILL NO. 110375 continued

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 16, 2011. The Bill was Signed by the Mayor on July 5, 2011.



Michael A. Decker
Chief Clerk of the City Council