



## Text File

**Introduced:** 7/16/2018

**Bill No:** 2018-0731, **Version:** 3

**Committee:** Committee on Finance and Law

**Status:** Passed Finally

Resolution authorizing the Mayor and the Director of Finance to enter into a Purchase and Sales Agreement or Agreements on behalf of the City of Pittsburgh along with the Urban Redevelopment Authority of Pittsburgh and the Housing Authority of Pittsburgh to jointly purchase the property located at 420 Boulevard of the Allies from 420 Allies LLC; to expend designated funds for the City's portion of Earnest Money relating to the purchase; to accept a deed relating to the purchase and to execute all documents to effectuate the purchase; and to enter into a Financing Cooperation Agreement or Agreements with the Urban Redevelopment Authority of Pittsburgh and the Housing Authority of the City of Pittsburgh to document, *inter alia*, pre-closing responsibilities and funding obligations relating to the purchase.

**(Post Agenda held 7/23/18; Public Hearing held 7/30/18)**

Whereas, the City, the Urban Redevelopment Authority of Pittsburgh and the Housing Authority of Pittsburgh are each separately seeking authorizations from their respective governing bodies to jointly purchase 420 Boulevard of the Allies, Block 1-M, Lot 150 in the 1<sup>st</sup> Ward, a 9-story, approximately 150,000 sq. ft., office building located in Pittsburgh's Central Business District (the "Property"); and

Whereas, the purchase of the recently renovated Property and the subsequent performance of additional build-outs for each entity will allow for the relocation of the City, URA, and HACP from the John P. Robin Civic Building (the "Civic Building") and to the Property in order to enable the City and the authorities to provide additional space for staff and enhanced public service by including a first floor "one-stop shop" for City permitting activities and HACP public-facing resident services; and

Whereas, the City, URA, and HACP currently own the Civic Building as tenants-in-common and have determined that it would require substantial capital investment in order to, *inter alia*, make the building compliant with current City Code; address ever-increasing maintenance costs arising due to its energy inefficiencies and outdated building systems; and to reconfigure the space to add storage and make it more user-friendly for staff and the public; and

Whereas, over the last three years the City, URA, and HACP have participated in a thorough facility analysis and have consulted with architects and real estate professionals to evaluate the costs and risks associated with the option of renovating the Civic Building versus purchasing a newly-renovated building and have determined it is in the best interest of the entities and the public to purchase the Property; and

Whereas, the City, URA, and HACP (collectively the "Buyers") have engaged in negotiations with 420 Allies LLC (the "Seller") and have finalized a purchase price of Twenty-Seven Million, Five Hundred Thousand Dollars (\$27,500,000), which price was deemed to be within market range for this type of building in this stage of renovation by the URA's real estate advisor; and

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Whereas, the Purchase and Sales Agreement sets the purchase price and other terms relating to the purchase of the Property and was preliminarily signed by all parties on July 11, 2018; however, per the agreement, the purchase still remains wholly subject to: 1) this City Council authorization as well as authorization of the boards of the URA and HACP; 2) all separate legislative approvals by City Council required by applicable law relating to financing for the purchase and renovation of the Property; and 3) satisfactory inspections of the Property prior to closing, which is currently anticipated to occur on or around September 20, 2018; and

Whereas, the Buyers have also worked with the Seller's current architect to test fit respective programming and space needs of the Property to approximate costs for future build-outs of space; and

Whereas it is currently anticipated that the cost of purchase of the Property plus renovations for all of the Buyers, including closing and related purchase costs/transfer fees and required outside services, including, but not limited, to legal and financial advisors and design and construction services, will be in an amount not to exceed Forty Million Dollars (\$40,000,000), and

Whereas, the Buyers have apportioned costs relating to each entity's percentage use of the Property and projected renovations in order to determine each entity's share of the total amount to be financed; and

Whereas, separate legislation required pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa.Const. Stat. §8001 *et seq.*, as amended, is also being presented for City Council approval to authorize and direct the City to incur Non-Electoral Debt through the issuance of a series of Bonds or Notes of the City of Pittsburgh in the maximum aggregate principal amount of forty million dollars (\$40,000,000.00); and

Whereas, if approved, it is anticipated that the City would be the borrower of the entire amount of the Non-Electoral Debt and be liable on the Bond(s) or Note(s) and the URA and HACP will be jointly and severally liable on their guarantees of the Bond(s) or Note(s); and

Whereas, the URA and HACP have each agreed to pay to the City or directly to the lender, their proportionate share of the total debt service as and when it is due; and

Whereas, the City now wishes to document City Council's authorization to enter into the Purchase and Sales Agreement for the purchase of the Property; to pay the City's share of the hand money for the purchase; to accept a deed and to execute all documents to effectuate the purchase, relating to the purchase; and to enter into a Financing Cooperation Agreement or Agreements with the URA and HACP to document pre-closing responsibilities and funding obligations relating to the purchase.

**Be it resolved by the Council of the City of Pittsburgh as follows:**

*Section 1.* The Mayor and the Director of the Department of Finance, on behalf of the City of Pittsburgh, are hereby authorized to enter into a Purchase and Sale Agreement and/or Agreements with the URA, HACP, and 420 Allies LLC, for the purchase of property located in the 1<sup>st</sup> Ward of the City of Pittsburgh at 420 Boulevard of the Allies (Lot/Block 1-M-150) (the "Property") from 420 Allies LLC. Except as set forth in Section 2 below relating to the City's share of hand money for the purchase, funding of the Twenty-Seven Million, Five

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Hundred Thousand Dollar (\$27,500,000.00) purchase price **and costs relating to closing and funding are is not authorized under this Resolution; rather, funding will be authorized** pursuant to companion legislation for financing as required by applicable law as further described in Section 3 of this Resolution. The form of the Purchase and Sale Agreement or Agreements shall be in a form approved by the City Solicitor.

*Section 2.* The City's share of hand money (Earnest Money) required in the Purchase and Sale Agreement is limited to the amount of One Million, Six Hundred Sixty-Six Thousand, Six Hundred Sixty-Seven Dollars and no cents (\$1,666,667.00), payable from: JDE 4026751116.50000.00. Pursuant to the Purchase and Sale Agreement, this amount will be due and owing to Seller if the Buyers (as defined above) wish to proceed with the sale as of August 1, 2018, after conducting necessary inspections (or after a future date if an extension is needed for financing authorizations).

*Section 3.* The purchase and authorization to finally execute the Purchase and Sales Agreement remains wholly subject to City Council's separate authorization required pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa. Const. Stat. §8001 *et seq.*, as amended, to authorize and direct the City to incur Non-Electoral Debt through the issuance of a series of Bonds or Notes of the City of Pittsburgh in the maximum aggregate principal amount of forty million dollars (\$40,000,000.00) (the "Financing Legislation") and. It is ~~acknowledged~~ that the Pennsylvania Department of Community and Economic Development's approval of the issuance of the Bond(s) or Note(s) as is required by applicable law, ~~and closing on the purchase of the Property~~

*Section 4.* The Mayor and/or the Director of Finance, on behalf of the City of Pittsburgh, are further authorized to accept a deed in fee simple in the name of the City solely, or as tenants-in-common with the URA and / or the HACP, or as otherwise allowed by applicable law, in conjunction with any purchase of the Property and to execute all documents to effectuate the purchase. The form of the deed and documents to effectuate the purchase shall be approved by the City Solicitor. **A copy of the deed shall be filed with the City Clerk.**

*Section 5.* The Mayor and the Director of Finance, on behalf of the City of Pittsburgh are further authorized to enter into a Financing Cooperation Agreement or Agreements with the URA and HACP to document pre-closing responsibilities, funding obligations for pre-closing costs, and a commitment from the URA and HACP to be jointly and severally liable per their guarantees on the City's Bond(s) or Note(s) relating to the purchase of the Property. Responsibility for any costs due from the City through such Financing Cooperation Agreement or Agreements will be subject to authorization from the Financing Legislation or other legislation, as applicable. The Financing Cooperation Agreement or Agreements shall be in a form approved by the City Solicitor. **A copy of the signed and executed financing cooperation agreement or agreements shall be filed with the City Clerk.**

*Section 6.* The Financing Cooperation Agreement or Agreement between the City, URA, and HACP must be executed no later than August 1, 2018, if the Buyers intend to proceed with the purchase of the Property by such date. **A copy of the signed and executed cooperation agreement or agreements shall be filed with the City Clerk.**

*Section 7.* The Effective Date of this Resolution as to the authorization to enter into the Purchase and Sales

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Agreement will not be before the effective date of the Financing Legislation approval from the Department of Community and Economic Development to authorize the City to issue the aforementioned bond(s) or note(s) as required under the Pennsylvania Local Government Unit Debt Act, 53 Pa. Const. Stat. §8001 *et seq.*, as amended. The Director of the Department of Finance will forward the dated certificate of approval from the Department of Community and Economic Development to the City Clerk for purposes of assigning an effective date.

Section 8. The effective date of this Resolution as to the remaining authorizations will be immediate upon signature of the Mayor and assignment of an enactment number by the City Clerk.