

EXHIBIT A

Form of Lease Purchase Agreement

LEASE PURCHASE AGREEMENT

This Lease Purchase Agreement (the "Agreement"), dated January ___, 2011, is between [_____], as lessor (the "Lessor") and The Philadelphia Municipal Authority, as lessee (the "Authority").

BACKGROUND

WHEREAS, the Authority is organized and operating under the Pennsylvania Municipality Authorities Act (Act of June 19, 2001, P.L. 287, as amended) (the "Act") for the purposes of, among other things, leasing equipment to the City of Philadelphia, Pennsylvania (the "City");

WHEREAS, the board of directors of the Authority adopted a Resolution on December ___, 2010 (the "Resolution"), authorizing: (i) the lease of the vehicles and equipment set forth on Schedule A, attached hereto and made a part hereof (the "Equipment"); and (ii) the leasing of the Equipment to the City;

WHEREAS, the Authority has determined to enter into this Agreement for the purposes of leasing the Equipment from the Lessor and will enter into a Sub-Lease Purchase Agreement, dated January ___, 2011 with the City (the "Sub-Lease Agreement"), pursuant to which the Authority will Sub-Lease the Equipment to the City;

WHEREAS, the Council of the City of Philadelphia enacted an Ordinance (Bill No. _____) on December ___, 2010 (the "Ordinance"), authorizing, among other things, the acquisition and financing of the Equipment through the Authority and the execution and delivery of the Sub-Lease Agreement and the Escrow Agreement, dated January ___, 2011, by and among the City, the Authority, the Lessor and [_____], as escrow agent, in substantially the form attached hereto as Schedule B (the "Escrow Agreement");

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties to this Agreement hereby covenant and agree as follows.

Section 1. CREATION OF ACQUISITION ESCROW FUND; TERM. This Agreement will become effective upon the date of execution hereof by Lessor and the Authority (the "Commencement Date"). On the Commencement Date, Lessor shall pay \$_____ to the Escrow Agent, who shall act in accordance with the Escrow Agreement and who shall deposit such sum into an account (the "Equipment Acquisition Fund") to purchase the Equipment listed in Schedule A as provided for in the Escrow Agreement. The moneys in the Equipment Acquisition Fund and any investments held as part of such Equipment Acquisition Fund shall be held in trust and, except as otherwise provided in this Agreement or the Escrow Agreement, shall be applied by the Escrow Agent as set forth in the Escrow Agreement. The term of this Agreement will commence on the Commencement Date and unless terminated according to terms hereof or, this Agreement shall end on _____, 20____ (the "Lease Term").

Section 2. LEASE PAYMENTS. The Authority agrees to pay to Lessor, or an Assignee as may be approved pursuant to Section 17 of this Agreement, the Lease Payments, including the interest

portion, in the amounts specified in Schedule C (the "Lease Payments"); provided however, that the Authority shall only be obligated to make such payments to the extent that the Authority receives payments from the City pursuant to the Sub-Lease Agreement. The Lease Payments will be payable without notice or demand at the office of the Lessor (or such other place as Lessor or its assignee may from time to time designate in writing), and will commence on the first Lease Payment Date and thereafter on each of the Lease Payment Dates set forth in Schedule C (each, a "Lease Payment Date"). Except as specifically provided in Section 7 hereof, the Lease Payments will be absolute and unconditional in all events and will not be subject to any set-off, defense, counterclaim, or recoupment for any reason whatsoever. The Authority reasonably believes that funds will be made available sufficient to make all Lease Payments when due during the Lease Term and hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request from the City and pursue funds from which the Lease Payments may be made. It is the Authority's intent to make Lease Payments for the full Lease Term if funds are legally available therefor and in that regard the Authority represents that the Equipment will be used for one or more authorized governmental or proprietary functions essential to its proper, efficient and economic operation.

Section 3. ASSIGNMENT OF SUB-LEASE; SECURITY FOR LEASE PAYMENTS.

As security for its obligations to the Lessor under this Agreement, the Authority hereby pledges, transfers and assigns to the Lessor, all of its right, title and interest in and to the Sub-Lease Agreement.

Section 4. DELIVERY AND ACCEPTANCE.

The Authority shall cause the City to acquire the Equipment and the City shall evidence such acceptance of the Equipment by executing and delivering to Lessor a Delivery and Acceptance Certificate in substantially the form attached hereto as Schedule D.

Section 5. DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY.

THE AUTHORITY ACKNOWLEDGES THAT LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE OR KIND WHATSOEVER, AND AS BETWEEN THE AUTHORITY AND THE LESSOR, THE PROPERTY SHALL BE ACCEPTED BY THE AUTHORITY "AS IS" AND "WITH ALL FAULTS". THE AUTHORITY AGREES TO SETTLE ALL CLAIMS DIRECTLY WITH THE VENDOR OF THE EQUIPMENT AND WILL NOT ASSERT OR SEEK TO ENFORCE ANY SUCH CLAIMS AGAINST THE LESSOR. LESSOR SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY CHARACTER AS A RESULT OF THE AUTHORITY'S PURCHASE OF THE EQUIPMENT, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS, PROPERTY DAMAGE OR LOST PRODUCTION WHETHER SUFFERED BY THE AUTHORITY, THE CITY OR ANY THIRD PARTY. The Authority covenants and agrees not to assert against the Lessor any claims or defenses by way of abatement, setoff, counterclaim, recoupment or the like which the Authority may have against the vendor of the Equipment. Lessor is not responsible for, and shall not be liable to the Authority for damages relating to loss of value of the Equipment for any cause or situation (including, without limitation, governmental actions or regulations or actions of other third parties).

Section 6. NON-APPROPRIATION OF FUNDS.

Notwithstanding anything contained in this Agreement to the contrary, the obligations of the Authority under this Agreement are special obligations of the Authority, payable solely from payments received from the City under the Sub-Lease Agreement. Such payments will be made from funds budgeted and appropriated by the City for that purpose during the City's then current fiscal period, and shall be subject to the City's annual appropriations of funds for the Equipment procured under this Agreement by the City's governing body. If sufficient funds have not been appropriated by the City ("Event of Non-appropriation") to support continuation of the Sub-Lease and this Agreement during any subsequent fiscal period, the Authority shall give Lessor notice of such termination at least twenty (20) days prior to the end of the then current

fiscal period. If an Event of Non-appropriation occurs, and funds otherwise available by any means whatsoever in any fiscal period of the Authority for Lease Payments are insufficient therefor, (i) this Agreement shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to the Authority of any kind whatsoever, except as to the portions of Lease Payments for which funds shall have been appropriated and budgeted or are otherwise available. In the event of such termination, if the Authority does not or is unable to exercise its option to purchase the Equipment pursuant to Section 20 hereof, the Authority agrees to peaceably surrender possession of the Equipment to Lessor or its assignee on the date of such termination to a location in the Commonwealth of Pennsylvania designated by Lessor or such assignee. Lessor will have all legal and equitable rights and remedies to take possession of the Equipment.

Notwithstanding the foregoing, and to the extent permitted by law, the Authority agrees (i) that it will not cancel this Agreement under the provisions of the above paragraph if any funds are appropriated by the City for the acquisition, retention, leasing or operation of the Equipment or other equipment performing functions similar to the Equipment for the fiscal period in which such appropriation occurs, and (ii) that it will not during the term of this Agreement give priority in the application of funds to any other similar equipment. This subparagraph will be construed so as to prohibit the Authority from terminating this Agreement in order to acquire or lease any other equipment, or from allocating funds directly or indirectly, to perform essentially the same application for which the Equipment is intended, to the extent permitted by law.

The Authority represents, warrants and covenants that (i) it intends, subject to the provisions of this Section 7, to continue the term of this Agreement from the commencement date through the end of the Lease Term, and to pay all rent payments required hereunder for such period, (ii) it reasonably believes that legally available funds of an amount sufficient to make all rent payments during such period will be obtained and that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from the City under the Sub-Lease Agreement, and (iii) the use of the Equipment is essential to the Authority's governmental function and the proper, efficient and economic operation thereof.

Section 7. THE LESSOR'S REPRESENTATIONS AND WARRANTIES. The Lessor represents and warrants on the date hereof that:

- (a) The Lessor is a [____] duly organized and validly existing under the laws of the State of [____].
- (b) The execution, delivery and performance by the Lessor of this Agreement has been duly authorized by all necessary action on the part of the Lessor and in compliance with all laws.
- (c) This Agreement constitutes a legal, valid and binding obligation of the Lessor enforceable in accordance with its terms.

Section 8. THE AUTHORITY'S REPRESENTATIONS AND WARRANTIES. The Authority represents, warrants and covenants on the date hereof that:

- (a) The Authority is a duly constituted municipal authority under the Act.
- (b) The execution, delivery and performance by the Authority of this Agreement has been duly authorized by all necessary action on the part of the Authority and in compliance with all laws.

(c) This Agreement constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

(d) The Authority will comply with the information reporting requirements of Section 149(e) of the Internal Revenue Code of 1986, as it may be amended from time to time (the "Code"), and such compliance shall include but not be limited to the execution of information statements requested by Lessor.

(e) Except as otherwise permitted by Section 17, the City will be the only entity to possess, use and operate the Equipment during the Lease Term.

(f) The Authority will do or cause to be done all things necessary to preserve and keep the Agreement in full force and effect.

(g) The Authority has complied with all applicable local, state and federal laws including without limitation laws regarding open meetings and by due notification presented this Agreement for approval and adoption as a valid obligation on its part.

(h) The Authority is authorized by the Constitution and laws of the Commonwealth of Pennsylvania (1) to acquire equipment and other items of personal property and to finance such property by entering into lease-purchase agreements, and (2) to enter into this Agreement and the transactions contemplated by this Agreement and to carry out and perform its obligations hereunder and thereunder.

(i) The execution, delivery, and performance by the Authority of this Agreement, and all related instruments and the consummation by the Authority of the transactions contemplated hereby: (1) do not and will not result in any violation of any term of any agreement, instrument, judgment, decree, franchise, permit, order, law, statute, rule, or governmental regulation presently applicable to the Authority, (2) is not in conflict with and does not constitute a default under any of the terms or provisions of, or subject the Equipment or any part thereof to any lien of, any indenture, mortgage, lease, contract, or other agreement or instrument (other than this Agreement) to which the Authority is a party or by which it or its property is bound or affected, and (3) do not conflict with or result in a breach of any of the terms, conditions or provisions of the home rule charter.

(j) The execution, delivery, and performance by the Authority of this Agreement and all related instruments and documents does not require any consent, authorization, or approval of, any filing of or registration with, or other action in respect to any federal, state, governmental authority or agency or public body, or, if so required, the same have been obtained.

(k) The execution of the Agreement does not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by the Authority.

(l) There is no action, suit or proceeding pending or threatened against or affecting the Authority, before any court, administrative agency, arbitrator or governmental body, that challenges the existence or organization of the Authority; the title of any of the present officers of the Authority to their respective offices, the authority or proceedings for the execution and delivery of the Agreement and the other documents described above; or the authority of the Authority otherwise to perform its obligations under the Agreement.

(m) There are no pending actions or proceedings to which the Authority is a party, and there are no other pending or threatened actions or proceedings of which the Authority has knowledge, before any court, arbitrator, or governmental or administrative department or agency, which either individually or in the aggregate, would materially adversely affect the financial condition of the Authority or its right to make or carry out this Agreement, or the ability of the Authority to pay rent and perform its obligation hereunder. Further, the Authority is not in default under any material obligations for the payment of borrowed money, for the deferred purchase price of property or for the payment of any rent which, either individually or in the aggregate, would have the same such effect.

(n) The Equipment consists solely of personal property, and when subjected to use by the Authority will not be or become fixtures under applicable law and the Equipment will have a useful life in the hands of the Authority that is substantially in excess of the period ending at the end of the current fiscal year of the Authority.

(o) The Authority will do or cause to be done all things necessary to preserve and keep this Agreement, including the rent payment schedule hereunder, in full force and effect.

Section 9. TAX AND ARBITRAGE REPRESENTATIONS. The Authority further represents on the date hereof as follows.

(a) The estimated total costs of the Equipment will not be less than the total principal portion of the Lease Payments set forth in this Agreement.

(b) No proceeds of this Agreement will be used to reimburse the Authority for expenditures made more than sixty (60) days prior to the Commencement Date hereof or, if earlier, more than sixty (60) days prior to any official action taken to evidence an intent to finance.

(c) With regard to this Agreement, the Authority has not created or established, and does not expect to create or establish, any sinking fund or similar fund (i) that is reasonably expected to be used to pay the Lease Payments, or (ii) that may be used solely to prevent a default in the payment of the Lease Payments.

(d) It intends that the interest portion of the Lease Payments shall be excludable from Lessor's gross income pursuant to Section 103 of the Code.

(e) The Authority will not do or cause to be done any act which will cause, or by omission of any act allow, this Agreement to be an arbitrage bond within the meaning of Section 148(a) of the Code.

(f) The Authority will not do or cause to be done any act which will cause, or by omission of any act allow, this Agreement to be a private activity bond within the meaning of Section 141(a) of the Code.

(g) The Authority will not do or cause to be done any act which will cause, or by omission of any act allow, the interest portion of the Lease Payments under this Agreement to be or become includible in Lessor's gross income for Federal income taxation purposes under the Code.

(h) The Authority reasonably anticipates that at least Eighty-Five Percent (85%) of all amounts deposited in escrow to pay for the Equipment, together with interest earnings, will be expended on costs of the Equipment and the financing within three (3) years of the Commencement Date of this Agreement.

Section 10. TITLE TO EQUIPMENT; SECURITY INTEREST. It is Lessor's and the Authority's intention that this Agreement not constitute a "true" lease for federal income tax purposes and, therefore, as between the Lessor and the Authority, it is Lessor's and the Authority's intention that the Authority be considered the owner of the Equipment for federal income tax purposes. Upon delivery of the Equipment to the Authority under this Agreement, title to the Equipment will vest in the Authority, subject to the rights of Lessor under this Agreement; provided, however, that (a) if this Agreement is terminated as a result of an Event of Non-appropriation pursuant to Section 7 hereof, (b) upon the occurrence of an Event of Default (as hereinafter defined), and as long as such Event of Default is continuing, or (c) in the event that the purchase option provided in Section 20 has not been exercised prior to the Lease Term, title will immediately vest in Lessor or its Assignee.

To the extent that no Event of Default has occurred and is continuing, or no event which with notice or lapse of time, or both, could become an Event of Default then exists, when all Lease Payments set forth in Schedule C have been paid, along with any applicable late charges or taxes, or when the Authority has exercised the purchase option and paid to Lessor the purchase price pursuant to Section 20 of this Agreement, Lessor will transfer any and all of its right, title and interest in the Equipment to the Authority. In order to secure all of its obligations hereunder, the Authority hereby (w) grants to Lessor a first priority security interest in any and all right, title and interest of the Authority in the Sub-Lease and on any proceeds therefrom; (x) moneys and investments held from time to time in the Equipment Acquisition Fund, including proceeds therefrom, established under the Escrow Agreement, (y) agrees that the Lessor may file a financing statement evidencing such security interest; and (z) agrees to deliver all financing statements, certificates of title and other instruments reasonably requested by Lessor or its Assignee to evidence such security interest.

Section 11. USE; REPAIRS. The Authority will use the Equipment in a careful manner for the use contemplated by the manufacturer of the Equipment and shall comply with all laws, ordinances, insurance policies and regulations relating thereto, and will pay all costs, claims, damages, fees and charges arising out of the possession, use or maintenance of the Equipment. The Authority, at its expense, will keep the Equipment in good repair and furnish all parts, mechanisms and devices required therefor.

Section 12. ALTERATIONS. The Authority will not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent, which consent shall not be unreasonably conditioned, delayed or denied, unless such alterations, additions or improvements may be readily removed without damage to the Equipment.

Section 13. INSPECTION. Upon prior written request of the Lessor, the Authority shall make the Equipment available for inspection by the Lessor during reasonable business hours to inspect the Equipment or observe its use and operation.

Section 14. LIENS AND TAXES. The Authority shall keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Agreement. The Authority shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment, excluding however, all taxes on or measured by Lessor's income. If the Authority fails to pay said charges and taxes when due, Lessor shall have the right, but shall not be obligated, to pay said charges and taxes. If Lessor pays any charges or taxes, the Authority shall reimburse Lessor therefor within ten (10) days of written demand as an addition to the Lease Payments.

Section 15. RISK OF LOSS; DAMAGE; DESTRUCTION. Upon delivery of the Equipment to the Authority, the Authority assumes all risk of loss or damage to the Equipment; provided, however, that no such loss of or damage to the Equipment, nor defects therein, nor unfitness or obsolescence thereof, shall relieve the Authority of the obligation to make Lease Payments or to perform any other obligation under this Agreement. In the event of damage to any item of Equipment under this Agreement, the Authority will immediately place the same in good repair with the proceeds of any insurance recovery applied to the cost of such repair. If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, the Authority will either (a) replace the same with like equipment in good repair; or (b) on the next Lease Payment Date, pay Lessor the sum of (i) all amounts then owed by the Authority to Lessor under this Agreement, including the Lease Payment due on such date; and (ii) an amount equal to all remaining Lease Payments to be paid during the Lease Term.

In the event that the Authority determines to make such payment with respect to less than all of the Equipment, Lessor will provide the Authority with the pro rata amount of the Lease Payment and the Balance Payment (as set forth in Schedule C) to be made by the Authority with respect to that portion of the Equipment which has suffered such loss or damage.

Section 16. INSURANCE. The City of Philadelphia is self insured against claims to persons or property, subject to the immunities, rights and defenses available to the City of Philadelphia in accordance with the provisions of the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa. C.S.A. § 8541, et seq., as amended.

Lessor acknowledges that the Authority has been permitted to self-insure, and the Authority will furnish Lessor with a letter or certificate to such effect, in the form attached hereto as Schedule E. In the event of any loss, damage, injury or accident involving the Equipment, the Authority will promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto.

Section 17. ASSIGNMENT. Without Lessor's prior written consent, the Authority will not (a) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Agreement, the Equipment or any interest in such Equipment or; (b) sublet or lend the Equipment or permit it to be used by anyone other than (i) the City or any of its instrumentalities or agencies or authorities or their employees or (ii) any state or other local governmental unit, or instrumentality or agency or authority thereof or their employees (not including, however, the United States or an agency or instrumentality thereof). Conditioned upon prior written consent of the Authority and the City, which shall not be unreasonably withheld or conditioned, Lessor may assign its rights, title and interest in and to this Agreement, the Equipment and any documents executed with respect thereto, and/or grant or assign a security interest therein in whole to another entity (an "Assignee"). Any subsequent assignment by any Assignee is also subject to the Authority's and the City's written consent. Such consent to assignment shall not be unreasonably withheld by the Authority. Any such Assignees shall have all of the rights of Lessor under this Agreement. Subject to the foregoing, this Agreement inures to the benefit of and is binding upon the successors and assigns of the parties hereto.

No assignment or reassignment of any Lessor's right, title or interest in this Agreement or the Equipment shall be effective unless and until the Authority shall have received a notice of assignment, disclosing the name and address of each such assignee; provided, however, that if such assignment is made to a bank or trust company as paying or escrow agent for holders of certificates of participation in the Agreement, it shall thereafter be sufficient that a copy of the agency agreement shall have been deposited with the Authority until the Authority shall have

been advised that such agency agreement is no longer in effect. During the Lease Term, the Authority shall keep a complete and accurate record of all such assignments in form necessary to comply with Section 149(a) of the Code, and the regulations, proposed or existing, from time to time promulgated thereunder. No further action will be required by Lessor or by the Authority to evidence the assignment, but the Authority will acknowledge such assignments in writing if so requested.

After notice of such assignment, the Authority shall name the Assignee as additional insured and loss payee in any insurance policies obtained or in force, if any. Any Assignee of Lessor, with the prior written consent of the Authority, may reassign this Agreement and its interest in the Equipment and the Lease Payments to any other person who, thereupon, shall be deemed to be Lessor's Assignee hereunder.

Section 18. EVENT OF DEFAULT. As used herein, the term "Event of Default" means the occurrence of any one or more of the following events.

(a) Except in an Event of Non-appropriation of funds as set forth in Section 7 of this Agreement, the Authority fails to make any Lease Payment (or any other payment) as it becomes due in accordance with the terms of this Agreement and such failure continues for ten (10) days after the due date thereof.

(b) The Authority fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder or under this Agreement, and such failure is not cured within thirty (30) days of the Authority's receipt of notice from Lessor.

(c) The discovery by Lessor that any statement, representation, or warranty made by the Authority in this Agreement is false, misleading or erroneous in any material respect.

(d) Proceedings under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted against or by the Authority, or a receiver or similar officer shall be appointed for the Authority or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within thirty (30) days after the institution or occurrence thereof.

(e) An attachment, levy or execution is threatened or levied upon or against the Equipment, and such attachment, levy or execution is not cured within thirty (30) days.

(f) Any certificate, statement, representation, warranty, or financial statement heretofore or hereafter furnished pursuant to or in connection with this Agreement by or on behalf of the Authority is false in any material respect at the time as of which the facts therein set forth were stated or certified, or omits any substantial contingent or unliquidated liability or claim against the Authority or, upon the date of execution of this document or any schedule, there shall have been any materially adverse change in any of the facts disclosed by any such certificate, statement, representation, or warranty, which shall not have been disclosed in writing to Lessor at or prior to the time of execution of this document or such schedule.

Section 19. REMEDIES. Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies:

(a) By written notice to the Authority, declare all remaining Lease Payments due during the fiscal period in effect when the default occurs to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) By written notice to the Authority, request the Authority to (and the Authority agrees that it will), at the Authority's expense, promptly return the Equipment to Lessor in the manner set forth in Section 7 hereof.

(c) Sell or lease the Equipment or sub-lease it for the account of the Authority, holding the Authority liable for all Lease Payments and other amounts due prior to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts paid by the purchaser, the lessee or sublessee pursuant to such sale, lease or sublease and the amounts payable by the Authority thereunder.

(d) Exercise any other right, remedy or privilege which may be available to it under applicable laws of the Commonwealth of Pennsylvania or any other applicable law or proceed by appropriate court action to enforce the terms of this Agreement or to recover damages for the breach of this Agreement or to rescind this Agreement as to any or all of the Equipment. In addition, the Authority will remain liable for all covenants and indemnities under this Agreement, and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

THE AUTHORITY WAIVES ANY AND ALL RIGHTS TO NOTICE REQUIRED UNDER THE PENNSYLVANIA UNIFORM COMMERCIAL CODE AND TO JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF THE EQUIPMENT BY LESSOR IN THE EVENT OF A DEFAULT HEREUNDER BY THE AUTHORITY; PROVIDED; HOWEVER, THAT LESSOR SHALL PROVIDE THE AUTHORITY NOT LESS THAN TEN (10) DAYS NOTICE PRIOR TO REPOSSESSION OF THE EQUIPMENT.

Section 20. PURCHASE OF EQUIPMENT. Upon payment in full of all amounts set forth on Schedule C hereto, all of Lessor's right, title and interest in and to the Equipment shall be transferred to the Authority "AS IS", WITHOUT WARRANTY, express or implied (subject to Section 6 of this Agreement) and free and clear of any liens created by Lessor. Lessor shall file a UCC-3 termination statement terminating its security interest in such Equipment.

Section 21. LESSOR FEES, COSTS AND EXPENSES AND INDEMNIFICATION. The Authority will pay all reasonable fees, costs and expenses incurred by the Lessor in connection with the execution and delivery of this Agreement and the other documents, schedules and certificates delivered in connection herewith, including, without limitation, Lessor's reasonable counsel fees in an amount not to exceed \$_____ and other disbursements. The Authority assumes liability for, and hereby agrees, to the extent permitted by applicable law, to indemnify, protect, and hold harmless, Lessor, its agents, servants, employees, officers, successors, and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, environmental hazards, incidences or risks, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of (i) the manufacture, installation, use, condition (including, but not limited to, latent and other defects and whether or not discoverable by the Authority or Lessor), operation, ownership, selection, delivery, leasing, removal or return of any item of Equipment, regardless of where, how and by whom operated, or (ii) any failure on the part of the Authority to perform or comply with any covenant or condition of this Agreement. The amount payable pursuant to the paragraphs shall be payable upon demand of the Lessor accompanied by a statement describing in reasonable detail such loss, liability,

injury, claim, or expense and setting forth the computation of the amount so payable which computation shall be binding and conclusive upon the Authority, absent manifest error. The indemnities and assumptions of liabilities and obligations provided for in this paragraph shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement.

Section 22. NOTICES. All notices to be given under this Agreement shall be made in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five days subsequent to such mailing.

Section 23. SECTION HEADINGS. All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

Section 24. GOVERNING LAW. This Agreement shall be construed in accordance with, and governed by the laws of, the state of the Commonwealth of Pennsylvania.

Section 25. DELIVERY OF RELATED DOCUMENTS. The Authority will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Agreement including but not limited to an Arbitrage and Tax Certificate.

Section 26. ENTIRE AGREEMENT; WAIVER. This Agreement, together with each schedule attached hereto, and other documents or instruments executed by the Authority and Lessor in connection herewith, are incorporated herein by reference and made a part hereof. This Agreement constitutes the entire agreement between the parties with respect to the Agreement of the Equipment, and shall not be modified, amended, altered, or changed except with the written consent of the Authority and Lessor. Any provision of the Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Agreement. The waiver by Lessor of any breach by the Authority of any term, covenant or condition of this Agreement shall not operate as a waiver of any subsequent breach hereof.

Section 27. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument; provided, however, that only one counterpart of this Agreement shall constitute the original for this Agreement for purposes of the sale or transfer of this Agreement as chattel paper.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

THE PHILADELPHIA MUNICIPAL
AUTHORITY

By: _____

Name:

Title:

Address: 1515 Arch Street, 9th Floor
Philadelphia, Pennsylvania 19102

[_____]

By: _____

Name:

Title:

SCHEDULE A
VEHICLES AND EQUIPMENT

SCHEDULE B
FORM OF ESCROW AGREEMENT

**SCHEDULE C
LEASE PAYMENT SCHEDULE**

Compound Period: Annual
Annual Rate: _____%

Payment #	Due Date	Payment Amount	Interest	Principal	Balance
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Total

SCHEDULE D

DELIVERY AND ACCEPTANCE CERTIFICATE

The undersigned hereby acknowledges receipt of the Equipment described below and the Authority confirms that the Authority has accepted the Equipment described below. Lessor shall not be liable for loss or damages occasioned by any cause, circumstance or event of whatsoever nature, including, but not limited to, failure of or delay in delivery to wrong location, delivery of improper equipment, or property other than the Equipment, damage to the Equipment, governmental regulations, strikes, embargoes or other causes, circumstances or events whether of a like or unlike nature.

Equipment Description	Quantity	Unit Cost	Total Cost

CITY OF PHILADELPHIA, PENNSYLVANIA

By: _____

Date: _____

SCHEDULE E

Statement of Self-Insurance by City of Philadelphia



CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF
FINANCE
RISK MANAGEMENT DIVISION

1515 Arch Street, 14th floor
Philadelphia, PA 19102-1595

Debora Lawton

**Risk Management
Services Director**

Phone: (215) 683-1719

Fax: (215) 683-1718

E-Mail:

Debbie.Lawton@phila.gov

Nella A. Goodwin

**Risk Management
Services Manager**

Phone: (215) 683-1708

Fax: (215) 683-1718

E-Mail:

Nella.Goodwin@phila.gov

[DATE]

RE: CITY OF PHILADELPHIA SELF-INSURANCE STATUS

To Whom It May Concern:

This letter will serve as confirmation that the City of Philadelphia self-insures with regard to its liability under Pennsylvania Law for negligent or willful acts or omissions of its officers and employees and for physical loss to property. To that end, the City has established an indemnity fund on a fiscal year basis, which is administered by the Law Department and the Risk Management Division.

The City of Philadelphia is also a qualified self-insurer in the Commonwealth of Pennsylvania for workers compensation and automobile liability.

Please let me know if you have any questions.

Sincerely,

Debora Lawton

EXHIBIT B

Form of Sub-Lease Purchase Agreement

SUB-LEASE PURCHASE AGREEMENT

This Sub-Lease Purchase Agreement (the "Agreement"), dated January __, 2011, is between The Philadelphia Municipal Authority, as lessor (the "Authority") and the City of Philadelphia, Pennsylvania, as lessee (the "City").

BACKGROUND

WHEREAS, the City is a corporation and body politic existing under the laws of the Commonwealth of Pennsylvania with the power to, among other things, lease equipment from the Authority;

WHEREAS, the Council of the City of Philadelphia, Pennsylvania enacted an Ordinance (Bill No. _____) on December __, 2010 (the "Ordinance"), authorizing, among other things: (i) the acquisition and financing, through the Authority, of the equipment set forth on Schedule A, attached hereto and made a part hereof (the "Equipment"); and (ii) the execution and delivery of this Agreement and the Escrow Agreement, dated January __, 2011, by and among the Authority, the City, [____], as escrow agent and [____] (the "Escrow Agent"), as lessor under the hereinafter defined Lease Purchase Agreement, the form of which is attached to such Lease Purchase Agreement;

WHEREAS, on the date hereof, the Authority and [____], as lessor (the "Bank") have entered into that certain Lease Purchase Agreement (the "Lease Purchase Agreement"), pursuant to which the Authority has leased the Equipment from the Bank and has agreed to make lease payments in the amount and at the times set forth in the Lease Purchase Agreement;

WHEREAS, pursuant to the Lease Purchase Agreement, the Bank and the Authority have agreed that the Authority will sub-lease the Equipment to the City pursuant to the terms of this Agreement;

WHEREAS, all initially capitalized terms used, but not otherwise defined, herein shall have the meanings set forth in the Lease purchase Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties to this Agreement hereby covenant and agree as follows.

Section 1. CREATION OF ACQUISITION ESCROW FUND; TERM. This Agreement will become effective upon the date of execution hereof by Authority and City (the "Commencement Date"). On the Commencement Date, Authority shall cause the Bank to pay \$_____ to the Escrow Agent, who shall act in accordance with the Escrow Agreement and who will deposit such sum into the Equipment Acquisition Fund to purchase the Equipment. The moneys in the Equipment Acquisition Fund and any investments held as part of such Equipment Acquisition Fund shall be held in trust and, except as otherwise provided in this Agreement or the Escrow Agreement, shall be applied by the Escrow Agent as set forth in the Escrow Agreement. The term of this Agreement will commence on the Commencement Date and unless terminated according to terms hereof, this Agreement shall end on ____, 20__ (the "Lease Term").

Section 2. LEASE PAYMENTS. The City shall pay to the Bank, as assignee of the Authority, the Lease Payments in the amount and at the times set forth in the Lease Purchase Agreement (the "Lease Payments"), and all other amounts due to the Bank under the Lease Purchase Agreement.

The Lease Payments will be payable without notice or demand at the office of the Bank (or such other place as the Bank or its assignee may from time to time designate in writing) on each Lease Payment Date (as defined in the Lease Purchase Agreement). Except as specifically provided in Section 6 hereof, the Lease Payments will be absolute and unconditional in all events and will not be subject to any set-off, defense, counterclaim, or recoupment for any reason whatsoever. The City reasonably believes that funds will be made available sufficient to make all Lease Payments when due during the Lease Term and hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from which the Lease Payments may be made, including making provisions for such payments in each budget submitted for the purpose of obtaining funding, using its bona fide best efforts to have such portion of the budget approved, and exhausting all available administrative reviews and appeals in the event such portion of the budget is not approved; provided, however, that such efforts shall not be deemed to require the Mayor or any agency of the City to initiate legal action against the Council of the City of Philadelphia. It is the City's intent to make Lease Payments for the full Lease Term if funds are legally available therefor and in that regard City represents that the Equipment will be used for one or more authorized governmental or proprietary functions essential to its proper, efficient and economic operation.

Section 3. DELIVERY AND ACCEPTANCE. The City shall acquire the Equipment in accordance with its Home Rule Charter and the laws of the Commonwealth of Pennsylvania and shall evidence such acceptance of the Equipment by executing and delivering to the Authority a Delivery and Acceptance Certificate in substantially the form attached hereto as Schedule B.

Section 4. DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY. THE CITY ACKNOWLEDGES THAT AUTHORITY MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE OR KIND WHATSOEVER, AND AS BETWEEN CITY AND THE AUTHORITY, THE PROPERTY SHALL BE ACCEPTED BY CITY "AS IS" AND "WITH ALL FAULTS". THE CITY AGREES TO SETTLE ALL CLAIMS DIRECTLY WITH VENDOR OF THE EQUIPMENT AND WILL NOT ASSERT OR SEEK TO ENFORCE ANY SUCH CLAIMS AGAINST THE AUTHORITY. AUTHORITY SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY CHARACTER AS A RESULT OF THE CITY'S PURCHASE OF THE EQUIPMENT, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS, PROPERTY DAMAGE OR LOST PRODUCTION WHETHER SUFFERED BY THE CITY OR ANY THIRD PARTY. The City covenants and agrees not to assert against the Authority any claims or defenses by way of abatement, setoff, counterclaim, recoupment or the like which City may have against the vendor of the Equipment. Authority is not responsible for, and shall not be liable to City for damages relating to loss of value of the Equipment for any cause or situation (including, without limitation, governmental actions or regulations or actions of other third parties.

Section 5. NON-APPROPRIATION OF FUNDS. Notwithstanding anything contained in this Agreement to the contrary, City is obligated only to pay the Lease Payments from funds budgeted and appropriated for that purpose during the City's then current fiscal period, and shall be subject to City's annual appropriations of funds for the Equipment procured under this Agreement by City's governing body. The City's obligation to make Lease Payments shall not constitute a pledge of City's

full faith, credit and taxing power within the meaning of any constitutional debt limitation. If sufficient funds have not been appropriated by the City (“Event of Non-appropriation”) to support continuation of this Agreement during any subsequent fiscal period, the City shall give the Authority and the Bank notice of such termination at least twenty (20) days prior to the end of the then current fiscal period. If an Event of Non-appropriation occurs, and funds otherwise available by any means whatsoever in any fiscal period of City for Lease Payments are insufficient therefor, (i) this Agreement shall terminate on the last day of the fiscal period for which appropriations were received without penalty or expense to City of any kind whatsoever, except as to the portions of Lease Payments for which funds shall have been appropriated and budgeted or are otherwise available. In the event of such termination, if City does not or is unable to exercise its option to purchase the Equipment pursuant to paragraph 19 hereof, City agrees to peaceably surrender possession of the Equipment to Authority or its assignee on the date of such termination, to a location in the Commonwealth of Pennsylvania designated by Authority or its assignee. Authority will have all legal and equitable rights and remedies to take possession of the Equipment.

Notwithstanding the foregoing, and to the extent permitted by law, the City agrees (i) that it will not cancel this Agreement under the provisions of the above paragraph if any funds are appropriated to it, or by it, for the acquisition, retention, leasing or operation of the Equipment or other equipment performing functions similar to the Equipment for the fiscal period in which such appropriation occurs, and (ii) that it will not during the term of this Agreement give priority in the application of funds to any other similar equipment. This subparagraph will be construed so as to prohibit the City from terminating this Agreement in order to acquire or lease any other equipment, or from allocating funds directly or indirectly, to perform essentially the same application for which the Equipment is intended, to the extent permitted by law.

The City represents, warrants and covenants that (i) it intends, subject to the provisions of this paragraph 6, to continue the term of this Agreement from the commencement date through the end of the Lease Term, and to pay all rent payments required hereunder for such period, (ii) it reasonably believes that legally available funds of an amount sufficient to make all rent payments during such period will be obtained and that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from which the rent payments may be made, including making provisions for such payments to the extent necessary in each budget submitted for the purpose of obtaining funding using its bona fide best efforts to have such portion of the budget approved and exhausting all available administrative reviews and appeals in the event such portion of the budget is not approved (provided, that City’s best efforts shall not be construed to require City to file a lawsuit against City Council), and (iii) the use of the Equipment is essential to City’s governmental function and the proper, efficient and economic operation thereof.

Section 6. AUTHORITY’S REPRESENTATIONS AND WARRANTIES. The Authority represents and warrants on the date hereof that:

(a) The Authority is duly constituted municipal authority under the Pennsylvania Municipality Authorities Act.

(b) The execution, delivery and performance by the Authority of this Agreement has been duly authorized by all necessary action on the part of the Authority and in compliance with all laws;

(c) This agreement constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

Section 7. CITY'S REPRESENTATIONS AND WARRANTIES. The City represents, warrants and covenants on the date hereof that.

(a) The City is a duly constituted political subdivision of the Commonwealth of Pennsylvania.

(b) The execution, delivery and performance by the City of this Agreement has been duly authorized by all necessary action on the part of the City and in compliance with all laws.

(c) This Agreement constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms.

(d) The City will comply with the information reporting requirements of Section 149(e) of the Internal Revenue Code of 1986, as it may be amended from time to time (the "Code"), and such compliance shall include but not be limited to the execution of information statements requested by Authority.

(e) Except as otherwise permitted by Section 16, the City will be the only entity to possess, use and operate the Equipment during the Lease Term.

(f) The City will do or cause to be done all things necessary to preserve and keep the Agreement in full force and effect.

(g) The City has complied with all applicable local, state and federal laws including without limitation laws regarding open meetings and public bidding, and by due notification presented this Agreement for approval and adoption as a valid obligation on its part.

(h) The City is authorized by the Constitution and laws of the Commonwealth (1) to acquire equipment and other items of personal property and to finance such property by entering into lease-purchase agreements, and (2) to enter into this Agreement and the transactions contemplated by this Agreement and to carry out and perform its obligations hereunder and thereunder, (j) the execution, delivery, and performance by the City of this Agreement, and all related instruments and the consummation by the City of the transactions contemplated hereby: (1) do not and will not result in any violation of any term of any agreement, instrument, judgment, decree, franchise, permit, order, law, statute, rule, or governmental regulation presently applicable to City, (2) is not in conflict with and does not constitute a default under any of the terms or provisions of, or subject the Equipment or any part thereof to any lien of, any indenture, mortgage, lease, contract, or other agreement or instrument (other than this Agreement) to which the City is a party or by which it or its property is bound or affected, and (3) do not conflict with or result in a breach of any of the terms, conditions or provisions of the home rule charter.

(i) The execution, delivery, and performance by the City of this Agreement and all related instruments and documents does not require any consent, authorization, or approval of, any filing of or registration with, or other action in respect to any federal, state, governmental authority or agency or public body, or, if so required, the same have been obtained.

(j) The execution of this Agreement does not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by City.

(k) There is no action, suit or proceeding pending or threatened against or affecting City, before any court, administrative agency, arbitrator or governmental body, that challenges the existence or organization of the City, the title of any of the present officers of the City to their respective offices, the authority or proceedings for the execution and delivery of this Agreement and the other documents described above, the appropriation of moneys to make rent payments pursuant to this Agreement to the extent of such appropriations, or the authority of the City otherwise to perform its obligations under this Agreement.

(l) There are no pending actions or proceedings to which City is a party, and there are no other pending or threatened actions or proceedings of which City has knowledge, before any court, arbitrator, or governmental or administrative department or agency, which either individually or in the aggregate, would materially adversely affect the financial condition of City or its right to make or carry out this Lease, or the ability of City to pay rent and perform its obligation hereunder. Further, City is not in default under any material obligations for the payment of borrowed money, for the deferred purchase price of property or for the payment of any rent which, either individually or in the aggregate, would have the same such effect.

(m) The Equipment consists solely of personal property, and when subjected to use by City will not be or become fixtures under applicable law and the Equipment will have a useful life in the hands of the City that is substantially in excess of the period ending at the end of the current fiscal year of the City.

(n) The financial statements of City accurately and completely present City's financial condition and the results of its operations as of the date of and for the period covered by such statements, and since the date of such statements there has been no material adverse change in such conditions or operations.

(o) The City will do or cause to be done all things necessary to preserve and keep this Agreement in full force and effect.

(p) The City shall provide its audited financial statements to the Bank, as assignee of the Authority no later than 240 days after each fiscal year end during the term of this Agreement.

(q) The City disclaims any interest in the Equipment, except as set forth in this Lease.

Section 8. TAX AND ARBITRAGE REPRESENTATIONS. City further represents on the date hereof as follows.

(a) The estimated total costs of the Equipment listed on Schedule A will not be less than the total principal portion of the Lease Payments.

(b) No proceeds of this Agreement will be used to reimburse City for expenditures made more than 60 days prior to the Commencement Date hereof or, if earlier, more than 60 days prior to any official action taken to evidence an intent to finance.

(c) With regard to this Agreement, City has not created or established, and does not expect to create or establish, any sinking fund or similar fund (i) that is reasonably expected to be used to pay the Lease Payments, or (ii) that may be used solely to prevent a default in the payment of the Lease Payments.

(d) The Equipment has not been and is not expected to be sold or otherwise disposed of by City, either in whole or in part, prior to the last maturity of Lease Payments.

(e) The City intends that the interest portion of the Lease Payments shall be excludable from the Bank's gross income pursuant to Section 103 of the Code.

(f) The City will not do or cause to be done any act which will cause, or by omission of any act allow, this Agreement to be an arbitrage bond within the meaning of Section 148(a) of the Code.

(g) The City will not do or cause to be done any act which will cause, or by omission of any act allow, this Agreement to be a private activity bond within the meaning of Section 141(a) of the Code.

(h) The City will not do or cause to be done any act which will cause, or by omission of any act allow, the interest portion of the Lease Payments under this Agreement to be or become includible in the Bank's gross income for Federal income taxation purposes under the Code.

(i) The City reasonably anticipates that at least Eighty-Five Percent (85%) of all amounts deposited in escrow to pay for the Equipment, together with interest earnings, will be expended on costs of the Equipment and the financing within three (3) years of the Commencement Date of this Agreement.

Section 9. TITLE TO EQUIPMENT; SECURITY INTEREST. It is Authority's and City's intention that this Agreement not constitute a "true" lease for federal income tax purposes and, therefore, it is Authority's and City's intention that City be considered the owner of the Equipment for federal income tax purposes. Upon delivery of the Equipment to City under this Agreement, title to the Equipment will vest in City, subject to the rights of Authority under this Agreement; provided, however, that (a) if this Agreement is terminated as a result of an Event of Non-appropriation by the City pursuant to Section 6 hereof; (b) upon the occurrence of an Event of Default (as hereinafter defined), and as long as such Event of Default is continuing; or (c) in the event that the purchase option provided in Section 19 has not been exercised prior to the Expiration Date, title will immediately vest in Authority or its Assignee. To the extent that no Event of Default has occurred and is continuing, or no event which with notice or lapse of time, or both, could become an Event of Default then exists, when all Lease Payments have been paid, along with any applicable late charges or taxes, or when City has exercised the purchase option and paid the purchase price pursuant to Section 19 of this Agreement, Authority will transfer any and all of its right, title and interest in the Equipment to the City. In order to secure all of its obligations hereunder, City hereby (w) grants to Bank, as assignee of the Authority, a first priority security interest in any and all right, title and interest of City in the Equipment and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom, (x) moneys and investments held in the Equipment Acquisition Fund, including proceeds therefrom, established the Escrow Agreement, (y) agrees that the Authority may file a financing statement evidencing such security interest, and (z) agrees

to execute and deliver all financing statements, certificates of title and other instruments reasonably requested by Authority or its Assignee to evidence such security interest.

Section 10. USE; REPAIRS. The City will use the Equipment in a careful manner for the use contemplated by the manufacturer of the Equipment and shall comply with all laws, ordinances, insurance policies and regulations relating thereto, and will pay all costs, claims, damages, fees and charges arising out of the possession, use or maintenance of the Equipment. The City, at its expense, will keep the Equipment in good repair and furnish all parts, mechanisms and devices required therefor.

Section 11. ALTERATIONS. The City will not make any alterations, additions or improvements to the Equipment without Authority's prior written consent, which consent shall not be unreasonably conditioned, delayed or denied, unless such alterations, additions or improvements may be readily removed without damage to the Equipment.

Section 12. INSPECTION. Upon prior written request of the Authority, the City shall make the Equipment available for inspection by the Authority during reasonable business hours to inspect the Equipment or observe its use and operation.

Section 13. LIENS AND TAXES. The City shall keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Agreement. The City shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment, excluding however, all taxes on or measured by Authority's income. If the City fails to pay said charges and taxes when due, Authority shall have the right, but shall not be obligated, to pay said charges and taxes. If Authority pays any charges or taxes, the City shall reimburse Authority therefor within ten (10) days of written demand as an addition to the Lease Payments.

Section 14. RISK OF LOSS: DAMAGE; DESTRUCTION. Upon delivery of the Equipment to the City, the City assumes all risk of loss or damage to the Equipment; provided, however, that no such loss of or damage to the Equipment, nor defects therein, nor unfitness or obsolescence thereof, shall relieve the City of the obligation to make Lease Payments or to perform any other obligation under this Agreement. In the event of damage to any item of Equipment under this Agreement, the City will immediately place the same in good repair with the proceeds of any insurance recovery applied to the cost of such repair. If Authority determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, the City will either (a) replace the same with like equipment in good repair; or (b) on the next Lease Payment Date, pay the Authority the sum of (i) all amounts then owed by the City to the Authority under this Agreement, including the Lease Payment due on such date; and (ii) an amount equal to all remaining Lease Payments to be paid during the Lease Term.

In the event that the City determines to make such payment with respect to less than all of the Equipment, Authority will provide City with the pro rata amount of the Lease Payment and the Balance Payment to be made by City with respect to that portion of the Equipment which has suffered such loss or damage.

Section 15. INSURANCE. The City is self insured against claims to persons or property, subject to the immunities, rights and defenses available to the City of Philadelphia in accordance with the provisions of the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa. C.S.A. § 8541, et seq., as amended. The Authority acknowledges that the City has been permitted to self-insure, and the City will furnish Authority with a letter or certificate to such effect, in the form attached as Schedule C to the Lease Purchase Agreement. In the event of any loss, damage, injury or accident involving the Equipment, the

City will promptly provide Authority with written notice thereof and make available to Authority all information and documentation relating thereto.

Section 16. ASSIGNMENT. Without Authority's prior written consent, the City will not (a) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Agreement, the Equipment or any interest in such Equipment or; (b) sublet or lend the Equipment or permit it to be used by anyone other than (i) the City or any of its instrumentalities or agencies or authorities or their employees or (ii) any state or other local governmental unit, or instrumentality or agency or authority thereof or their employees (not including, however, the United States or an agency or instrumentality thereof).

Section 17. EVENT OF DEFAULT. As used herein, the term "Event of Default" means the occurrence of any one or more of the following events.

(a) Except in an Event of Non-appropriation of funds as set forth in Section 6 of this Agreement, the City fails to make any Lease Payment (or any other payment) as it becomes due in accordance with the terms of this Agreement and such failure continues for ten (10) days after the due date thereof.

(b) The City fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder or under this Agreement, and such failure is not cured within thirty (30) days of the City's receipt of notice from Authority.

(c) The discovery by the Authority that any statement, representation, or warranty made by the City in this Agreement is false, misleading or erroneous in any material respect.

(d) Proceedings under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted against or by the City, or a receiver or similar officer shall be appointed for the City or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within thirty (30) days after the institution or occurrence thereof.

(e) An attachment, levy or execution is threatened or levied upon or against the Equipment, and such attachment, levy or execution is not cured within thirty (30) days.

(f) Any certificate, statement, representation, warranty, or financial statement heretofore or hereafter furnished pursuant to or in connection with this Agreement by or on behalf of the City is false in any material respect at the time as of which the facts therein set forth were stated or certified, or omits any substantial contingent or unliquidated liability or claim against the City or, upon the date of execution of this document or any schedule, there shall have been any materially adverse change in any of the facts disclosed by any such certificate, statement, representation, or warranty, which shall not have been disclosed in writing to the Authority at or prior to the time of execution of this document or such schedule.

Section 18. REMEDIES. Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, the Authority may, at its option, exercise any one or more of the following remedies.

(a) By written notice to the City, declare all remaining Lease Payments due during the fiscal period in effect when the default occurs to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) By written notice to the City, request the City to (and the City agrees that it will), at the City's expense, promptly return the Equipment to the Authority in the manner set forth in Section 6 hereof.

(c) Sell or lease the Equipment or sublease it for the account of the City, holding the City liable for all Lease Payments and other amounts due prior to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts paid by the purchaser, the lessee or sublessee pursuant to such sale, lease or sublease and the amounts payable by the City thereunder.

(d) Exercise any other right, remedy or privilege which may be available to it under applicable laws of the Commonwealth of Pennsylvania or any other applicable law or proceed by appropriate court action to enforce the terms of this Agreement or to recover damages for the breach of this Agreement or to rescind this Agreement as to any or all of the Equipment. In addition, the City will remain liable for all covenants and indemnities under this Agreement, and for all legal fees and other costs and expenses, including court costs, incurred by Authority with respect to the enforcement of any of the remedies listed above or any other remedy available to Authority.

THE CITY WAIVES ANY AND ALL RIGHTS TO NOTICE REQUIRED UNDER THE PENNSYLVANIA UNIFORM COMMERCIAL CODE AND TO JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF THE EQUIPMENT BY AUTHORITY IN THE EVENT OF A DEFAULT HEREUNDER BY CITY; PROVIDED; HOWEVER, THAT THE AUTHORITY SHALL PROVIDE CITY NOT LESS THAN TEN (10) DAYS NOTICE PRIOR TO REPOSSESSION OF THE EQUIPMENT.

Section 19. PURCHASE OF EQUIPMENT. Upon payment in full of all amounts set forth on Schedule B hereto, all of Authority's right, title and interest in and to the Equipment shall be transferred to City "AS IS", WITHOUT WARRANTY, express or implied (subject to Section 5 of this Agreement) and free and clear of any liens created by Authority. Authority shall file a UCC-3 termination statement terminating its security interest in such Equipment.

Section 20. AUTHORITY FEES, COSTS AND EXPENSES AND INDEMNIFICATION. The City will pay all reasonable fees, costs and expenses incurred by the Authority in connection with the execution and delivery of this Agreement and the other documents, schedules and certificates delivered in connection herewith, including, without limitation, Authority's reasonable counsel fees in an amount not to exceed \$_____ and other disbursements. The City assumes liability for, and hereby agrees, to the extent permitted by applicable law, to indemnify, protect, and hold harmless, Authority, its agents, servants, employees, officers, successors, and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, environmental hazards, incidences or risks, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of (i) the manufacture, installation, use, condition (including, but not limited to, latent and other defects and whether or not discoverable by the City or the Authority), operation, ownership, selection, delivery, leasing, removal or return of any item of Equipment, regardless of where, how and by whom operated, or (ii) any failure on the part of the City to perform or comply with any covenant or condition of this Agreement. The amount payable pursuant to the paragraphs shall be payable upon demand of the Authority accompanied by a statement describing in reasonable detail such

loss, liability, injury, claim, or expense and setting forth the computation of the amount so payable which computation shall be binding and conclusive upon City, absent manifest error. The indemnities and assumptions of liabilities and obligations provided for in this paragraph shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement.

Section 21. NOTICES. All notices to be given under this Agreement shall be made in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five days subsequent to such mailing.

Section 22. SECTION HEADINGS. All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

Section 23. GOVERNING LAW. This Agreement shall be construed in accordance with, and governed by the laws of, the state of the Commonwealth of Pennsylvania.

Section 24. DELIVERY OF RELATED DOCUMENTS. The City will execute or provide, as requested by Authority, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Agreement including but not limited to an Arbitrage and Tax Certificate.

Section 25. ENTIRE AGREEMENT; WAIVER. This Agreement, together with each schedule attached hereto, and other documents or instruments executed by the City and the Authority in connection herewith, are incorporated herein by reference and made a part hereof. This Agreement constitutes the entire agreement between the parties with respect to the lease of the Equipment, and shall not be modified, amended, altered, or changed except with the written consent of the City and the Authority. Any provision of the Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Agreement. The waiver by Authority of any breach by the City of any term, covenant or condition of this Agreement shall not operate as a waiver of any subsequent breach hereof.

Section 26. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument; provided, however, that only one counterpart of this Agreement shall constitute the original for this Agreement for purposes of the sale or transfer of this Agreement as chattel paper.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

THE PHILADELPHIA MUNICIPAL
AUTHORITY

By: _____

Name:

Title:

Address: 1515 Arch Street, 9th Floor
Philadelphia, Pennsylvania 19102

CITY OF PHILADELPHIA, PENNSYLVANIA

By: _____

Name:

Title:

Address: 1401 John F. Kennedy Blvd
Suite 1330 MSB
Philadelphia, Pennsylvania 19102

Approved as to Form:

this ____ day of January, 2011

Shelley R. Smith, City Solicitor

By: _____

Divisional Deputy City Solicitor

SCHEDULE A
VEHICLES AND EQUIPMENT

SCHEDULE B

DELIVERY AND ACCEPTANCE CERTIFICATE

The undersigned hereby acknowledges receipt of the Equipment described below and confirms that the City has accepted the Equipment described below. Authority shall not be liable for loss or damages occasioned by any cause, circumstance or event of whatsoever nature, including, but not limited to, failure of or delay in delivery to wrong location, delivery of improper equipment, or property other than the Equipment, damage to the Equipment, governmental regulations, strikes, embargoes or other causes, circumstances or events whether of a like or unlike nature.

Equipment Description	Quantity	Unit Cost	Total Cost

CITY OF PHILADELPHIA

By: _____

Date: _____

EXHIBIT C

Form of Escrow Agreement

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated January __, 2011, is by and among [_____] (the "Bank"), The Philadelphia Municipal Authority (the "Authority"), the City of Philadelphia, Pennsylvania (the "City"), and [_____] a national banking association, as Escrow Agent (the "Escrow Agent").

BACKGROUND

WHEREAS, the Bank, as lessor and the Authority, as lessee, are parties to that certain Lease Purchase Agreement, dated January __, 2011 (the "Lease Agreement"), pursuant to which, among other things, the Authority has leased from the Bank the vehicles and equipment more fully described in the Lease Agreement (the "Equipment");

WHEREAS, the Authority, as lessor and the City, as lessee, are parties to that certain Sub-Lease Purchase Agreement, dated January __, 2011 (the "Sub-Lease Agreement"), pursuant to which, among other things, the City has leased from the Authority the Equipment;

WHEREAS, the Lease Purchase Agreement provides for the creation of an Equipment Acquisition Fund (hereinafter defined) into which the Bank shall deposit the sum of \$_____, to be administered in accordance with the terms of the Lease Agreement and this Escrow Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto do hereby covenant and agree as follows:

Section 1. Simultaneous Execution. This Escrow Agreement is simultaneously executed with the Lease Purchase Agreement and the Sub-Lease Agreement.

Section 2. Capitalized Terms. All initially capitalized term used, but not otherwise defined, herein shall have the meanings set forth in the Lease Agreement.

Section 3. Sole Escrow Agent. The Bank, the Authority and the City agree that the Escrow Agent will act as sole Escrow Agent under the Lease Agreement and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement. The Escrow Agent shall not be deemed to be a party to the Lease Agreement and this Escrow Agreement shall be deemed to constitute the entire agreement among the Bank, the Authority, the City and the Escrow Agent.

Section 4. Equipment Acquisition Fund. There is hereby established in the custody of the Escrow Agent a special fund designated Equipment Acquisition Fund (the "Equipment Acquisition Fund") to be held and administered by the Escrow Agent for the benefit of the Bank, the Authority and the City in accordance with this Escrow Agreement. The Bank, the Authority, the City and the Escrow Agent intend that the Equipment Acquisition Fund constitute an escrow account in which the Bank has a security interest and such security interest is hereby granted by the City to secure payment of all sums due to the Bank under the Lease Agreement.

Section 5. Deposit of Funds; Investment of Funds. The Bank shall deposit the sum of [_____] Dollars (\$_____) in the Equipment Acquisition Fund. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon the written instructions of a representative of the City in Qualified Investments (as hereinafter defined) maturing or subject to redemption at the option of the holder thereof prior to the date on which it is expected that such funds will be needed. Such investments shall be held by the Escrow Agent in the Equipment Acquisition Fund.

The parties recognize and agree that the Escrow Agent will not provide supervision, recommendations or advice relative to either the investment of the Equipment Acquisition Fund or the purchase, sale, retention or other disposition of any Qualified Investment. The City represents and warrants that the investments directed to be purchased by the Escrow Agent pursuant to this paragraph 5 are Qualified Investments as defined in paragraph 6 of this Escrow Agreement. Any loss or expense incurred from an investment will be borne by the Equipment Acquisition Fund. If the Escrow Agent does not receive directions to invest the monies held in the Equipment Acquisition Fund, its only obligation with respect to the Equipment Acquisition Fund shall be to hold it on deposit uninvested without liability for interest or other compensation to either party.

The Escrow Agent is hereby authorized to execute purchases and sales of Qualified Investments as directed by the City through the facilities of Escrow Agent's own trading or capital markets operations. The Escrow Agent shall send statements to each of the parties to this Escrow Agreement on or before the fifteenth (15th) day of each month reflecting activity, including but not limited to earnings, losses and expenses, for the Equipment Acquisition Fund for the preceding month.

The City shall be responsible for timing the maturities or optional redemptions of Qualified Investments in order for the Escrow Agent to make timely disbursements contemplated by this Escrow Agreement and Escrow Agent shall have no obligation to make any such disbursements in the absence of sufficient liquid funds.

The City may delegate its responsibilities for determining the Qualified Investments hereunder (including the timing of purchase and sales), and upon such delegation, will notify the Escrow Agent as to the person or persons who will be authorized to act for the City hereunder as to Qualified Investments.

Section 6. Qualified Investments. [TO BE UPDATED] The term "*Qualified Investments*" shall be defined for purposes of this Escrow Agreement as follows, but only to the extent the same are at the time legal for investment of the funds being invested as determined by the City:

- (a) Obligations of States which are rated AA or better by Standard & Poors Corporation or Aa or better by Moody's Investors Services, Inc.;
- (b) Obligations issued by the United States government;
- (c) Obligations fully insured or guaranteed by the United States government or a United States government agency;

- (d) Federal Farm Credit System;
- (e) Federal Home Loan Bank System;
- (f) Federal Intermediate Credit Bank;
- (g) Prime banker's acceptances;

(h) Fully collateralized repurchase agreements provided the City has on file a signed Master Repurchase Agreement, approved by the City Solicitor, which details eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination and provided the repurchase agreement: (i) has a defined termination date; (ii) is secured by obligations in accordance with Section 6 herein; (iii) requires the securities being purchased by Lessee to be assigned to Lessee, held in Lessee's name, and deposited at the time the investment is made with Lessee or with a third party selected and approved by Lessee; and (iv) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state, and which is rated no less than A or its equivalent by two nationally recognized rating services;

(i) Obligations of other political subdivisions of the Commonwealth of Pennsylvania, which are rated AA or better by Standard & Poors Corporation or Aa or better by Moody's Investors Services, Inc.

The City will restrict investments in eligible obligations described in this section to discount notes and callable or non-callable fixed-rate securities with a fixed principal repayment amount. Any investment earnings and income on the Equipment Acquisition Fund shall become part of the Equipment Acquisition Fund, and shall be disbursed in accordance with Section 7 of this Escrow Agreement.

Section 7. Disbursement of Funds. The parties to this Escrow Agreement agree that moneys in the Equipment Acquisition Fund, including investment earnings, shall be used to pay the costs of issuance and the cost of the acquisition of the Equipment. Payment of costs of issuance shall be made by the Escrow Agent upon written direction of the Lessee.

Upon receipt by the Escrow Agent of (i) one or more properly executed Payment Request and Acceptance Certificates, a form of which is attached hereto as Exhibit A executed by one of the following officers of the City (each, an "Authorized Signer") (a) Director of Finance, (b) City Treasurer, or (c) [_____], (ii) an invoice for the cost of the acquisition of the Equipment for which payment is requested and (iii) a written approval by the Bank, the Escrow Agent shall pay, not later than three (3) business days following receipt of a Payment Request and Acceptance Certificate, the amount of the invoice to the vendor of the Equipment or to the City for reimbursement of funds previously expended for acquiring the Equipment, to the extent of funds in the Equipment Acquisition Fund.

After payment for all Equipment which payment requests have been made pursuant to the Payment Request and Acceptance Certificates, the Bank, the Authority and the City agree that any funds remaining in the Equipment Acquisition Fund may be applied to the next consecutive lease payment(s) due under the Lease Purchase agreement, and if no such lease payments or

other costs are due under the Lease Purchase Agreement, shall be paid to the City. In such instance (i) the City shall deliver a Final Acceptance Certificate to the Escrow Agent executed by an Authorized Signer, (ii) the Bank and the City shall instruct the Escrow Agent in writing as to the disposition of funds remaining in the Equipment Acquisition Fund and (iii) the Escrow Agent shall promptly disburse the funds remaining in the Equipment Acquisition Fund in accordance with such instructions.

Section 8. Concerning the Escrow Agent. Notwithstanding any provision contained herein to the contrary, the Escrow Agent, including its officers, directors, employees and agents, shall:

(a) not be liable for any action taken or omitted under this Escrow Agreement so long as it shall have acted without fraud, malice or gross negligence; and shall have no responsibility beyond the exercise of ordinary care to inquire into or determine the genuineness, authenticity, or sufficiency of any securities, checks, or other documents or instruments submitted to it in connection with its duties hereunder;

(b) upon the exercise of ordinary care, be entitled to deem the signatories of any documents or instruments submitted to it hereunder as being those purported to be authorized to sign such documents or instruments on behalf of the parties hereto, and, absent any obvious indication of forgery or fraud, shall be entitled to rely upon the genuineness of the signatures of such signatories without inquiry and without requiring substantiating evidence of any kind; and have no liability for acting upon any written and/or facsimile and/or e-mail instructions presented by the City, the Authority or the Bank in connection with the Escrow Agreement which the Escrow Agent in good faith, and exercising ordinary care, believes to be genuine;

(c) be entitled to refrain from taking any action contemplated by this Escrow Agreement in the event that it becomes aware of any disagreement between the parties hereto pertaining to disbursements from the Equipment Acquisition Fund, execution of an Acceptance Certificate or satisfaction of a Payment Request;

(d) have no responsibility or liability for any diminution in value of any assets held hereunder which may result from any investments or reinvestment made in accordance with any investment or reinvestment instruction from the City's representative;

(e) be entitled to compensation for its services hereunder as per Exhibit B, which is attached hereto and made a part hereof, and for reimbursement of its reasonable out-of-pocket expenses including, but not by way of limitation, the reasonable fees and costs of attorneys in an amount not to exceed \$_____ or agents which it may find necessary to engage in performance of its duties hereunder, all to be paid by the City;

(f) to the extent authorized by Pennsylvania law (including, but not limited to the provisions of the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa. C.S.A. § 8541, et seq., as amended) and subject to applicable Pennsylvania constitutional limitations, be indemnified and saved harmless by the City hereto from all losses, costs, and expenses, including reasonable attorney fees which may be incurred by the Escrow Agent as a result of its acceptance

of the Equipment Acquisition Fund or arising from the performance of its duties hereunder, unless the Escrow Agent shall have acted with negligence or willful misconduct, and such indemnification shall survive its resignation or removal, or the termination of this Escrow Agreement until extinguished by any applicable statute of limitations;

(g) in the event any dispute shall arise between the parties with respect to the disposition or disbursement of any of the assets held hereunder, be permitted to interplead all of the assets held hereunder into a court of competent jurisdiction, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets, unless the basis for the dispute is related to the Escrow Agent's failure to perform according to the terms of this Escrow Agreement; the parties further agree to pursue any redress or recourse in connection with such a dispute not related to the Escrow Agent's failure to perform according to the terms of this Escrow Agreement, without making the Escrow Agent a party to same;

(h) only have those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and shall under no circumstance be deemed a fiduciary for any of the parties to this Escrow Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document between the other parties hereto, in connection herewith. This Escrow Agreement and all attachments and exhibits to this Escrow Agreement, sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred from the terms of this Escrow Agreement or any other Agreement. IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE ESCROW AGENT'S FAILURE TO ACT ON INVESTMENT DIRECTION FROM THE CITY'S REPRESENTATIVE IN ACCORDANCE WITH THE REASONABLE COMMERCIAL STANDARDS OF THE BANKING BUSINESS, OR (ii) CONSEQUENTIAL DAMAGES;

(i) have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees; and

(j) not be required by any provision of this Escrow Agreement to expend or risk its own funds in the performance of its duties if it shall have reasonable grounds for believing that repayment of such funds is not reasonably assured to it.

Any banking association or corporation into which the Escrow Agent (or substantially all of its corporate trust business) may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, succeeds to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, except as to notice to the City, the Authority and the Bank of the succession.

Section 9. Tax Matters. The Parties agree as follows, with respect to tax reporting.

(a) For tax reporting purposes, all interest or other income from investment of the Equipment Acquisition Fund shall, as of the end of each calendar year and to the extent

required by the Internal Revenue Service be reported as having been earned by the City, whether or not income was disbursed during a particular year.

(b) At the time funds are initially deposited into the Equipment Acquisition Fund, the parties shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate W-9 or W-8 and such other forms and documents that the Escrow Agent may request. The parties understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

(c) The Escrow Agent agrees to keep and retain the records of investments and disbursements from the Equipment Acquisition Fund until three (3) years after the Lease Purchase Agreement is paid in full.

Section 10. Termination of Equipment Acquisition Fund. The Equipment Acquisition Fund shall terminate upon the occurrence of the earlier of (a) receipt by Escrow Agent of a proper Payment Request and Acceptance Certificate with the portion thereof designated "Final Acceptance Certificate" properly executed by the City, or (b) receipt by Escrow Agent of written notification by the Bank, or if the Bank shall have previously notified Escrow Agent in writing that the Bank has assigned its interest under the Lease Purchase Agreement, then the assignees of all of the Bank's interest under the Lease Purchase Agreement, that an Event of Default has occurred or that the Authority has terminated the Lease Purchase Agreement pursuant to Sections 7 or 18 of the Lease Purchase Agreement.

Upon termination as described in clause (a) of this paragraph, any amount remaining in the Equipment Acquisition Fund shall be paid in accordance with written instruction from the Bank and the City provided pursuant to Section 7 above. Upon termination as described in clause (b) of this paragraph, any amount remaining in the Equipment Acquisition Fund shall immediately be paid to the Bank or to any assignee of the Bank in accordance with written instructions from the Bank or such assignee. Upon payment of all funds in the Equipment Acquisition Fund, this Escrow Agreement shall terminate and Escrow Agent shall be relieved of any and all further obligations hereunder, except for the obligation to maintain records in accordance with Section 9(c) hereof.

Section 11. Resignation; Removal. The Escrow Agent may at any time resign by giving at least ninety (90) days written notice to the Bank, the Authority and the City, but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written direction of the City.

In addition, the Escrow Agent may be removed at any time, with or without cause, by an instrument in writing executed by the City and payment of all reasonable fees and expenses then due to Escrow Agent. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by the City. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument

in writing delivered to Bank, the Authority, the City and the predecessor Escrow Agent. Thereupon such successor Escrow Agent shall, without any further act or deed, be fully vested with all the trust, powers, rights, duties and obligations of the Escrow Agent under this Escrow Agreement, and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to such successor Escrow Agent.

Section 12. No Liability of Escrow Agent. The Escrow Agent incurs no liability to make any disbursements pursuant to the Escrow Agreement except from funds held or received in the Equipment Acquisition Fund. The Escrow Agent makes no representations or warranties as to the title to any Equipment or as to the performance of any obligations of the Bank, the Authority or the City.

Section 13. Notices. Any notice, consent or request to be given in connection with any of the terms or provisions of this Escrow Agreement shall be in writing and be given in person, by facsimile transmission, electronic mail or courier delivery service or by mail, and shall become effective (a) on delivery if given in person or by courier delivery service, (b) on the date of delivery if sent by facsimile or electronic mail with receipt confirmed by telephone, or (c) four (4) business days after being deposited in the mails, with proper postage prepaid for first-class registered or certified mail; provided, however, notice to Escrow Agent shall only be effective upon actual receipt.

Notices shall be addressed as follows:

if to *Bank*: [Name]
[Address]
Attention:

if to *City*: City of Philadelphia
1401 John F. Kennedy Boulevard
Suite 640, Municipal Services Building
Philadelphia, Pennsylvania 19102
Attention: City Treasurer

Finance Department
City of Philadelphia
1401 John F. Kennedy Boulevard
Suite 1330, Municipal Services Building
Philadelphia, Pennsylvania 19102
Attention: Director of Finance

with a copy to: City of Philadelphia
Office of Fleet Management
100 South Broad Street, 3rd Floor
Philadelphia, Pennsylvania 19102
Attention: _____

if to the *Authority*: Philadelphia Municipal Authority
1515 Arch Street, 9th Floor
Philadelphia, Pennsylvania 19102

if to the *Escrow Agent*: [Name]
[Address]
Attention:

Section 14. Invalid Provisions. In the event any provision of this Escrow Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15. Amendment to Escrow Agreement. This Escrow Agreement may not be amended except by a written instrument executed by the Bank, the Authority, the City and the Escrow Agent.

Section 16. Governing Law; Counterparts. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania. It may be executed in several counterparts, each one of which shall constitute an original and all collectively shall constitute but one instrument.

The remainder of this page is intentionally left blank and is followed by a signature page.

IN WITNESS WHEREOF, the Bank, the Authority, the City and the Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives on the date and year first above written.

[_____], as Escrow Agent [_____]

By: _____
Name:
Title:

CITY OF PHILADELPHIA,
PENNSYLVANIA

By: _____
Name:
Title:

THE PHILADELPHIA MUNICIPAL
AUTHORITY

By: _____
Name:
Title:

Approved as to Form:
Shelley R. Smith, City Solicitor

By: _____
Name:
Title:

By: _____
Divisional Deputy City Solicitor

EXHIBIT A

**ESCROW AGREEMENT
PAYMENT REQUEST AND ACCEPTANCE CERTIFICATE**

To: [Name]
[Address]
Attention:

and [Name]
[Address]
Attention:

RE: Lease Purchase Agreement dated January __, 2011

The Escrow Agent is hereby requested to pay from the Equipment Acquisition Fund to the person or corporation designated below as Payee, the sum set forth below in payment of a portion or all of the cost of the acquisition of the Equipment, as defined in the above referenced Lease Purchase Agreement.

[The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the Equipment and has not formed the basis of any prior request for payment.]

[The amount shown below is to be reimbursed to the City of Philadelphia, Pennsylvania for payment in full of the invoice attached hereto with respect to the cost of the acquisition of the Equipment and has not formed the basis of any prior request for payment.]

Payee:

Amount: \$ _____

Payee's Federal ID Number: _____

The City hereby certifies and represents to and agrees with the Bank as follows:

(1) The City has not made any prior request for payment for the Equipment subject to this Payment Request and Acceptance Certificate.

(2) Through its self-insurance program, Lessee is currently maintaining the coverage described in Section 16 of the Lease Purchase Agreement.

(3) No event or condition that constitutes, or with notice or lapse of time or both would constitute, an Event of Default (as such term is defined in the Lease Purchase Agreement) exists at the date hereof.

Dated: _____

CITY OF PHILADELPHIA

By: _____

Title: _____

Approved:

[_____]

By: _____

Title: _____

EXHIBIT A (Continued)

**ESCROW AGREEMENT
FINAL ACCEPTANCE CERTIFICATE**

FINAL ACCEPTANCE CERTIFICATE

(THIS CERTIFICATE IS TO BE EXECUTED ONLY WHEN ALL EQUIPMENT HAS BEEN ACCEPTED IN ACCORDANCE WITH THE "CONTRACT", AS DEFINED IN THE LEASE)

The undersigned hereby certifies that the Equipment, together with the equipment described in and accepted by Payment Request and Acceptance Certificates previously filed by the City with the Bank pursuant to the Lease Purchase Agreement, constitutes all of the Equipment subject to the Lease Purchase Agreement.

Dated: _____

CITY OF PHILADELPHIA

By _____

Title: _____

EXHIBIT B

**ESCROW AGREEMENT
(ESCROW AGENT FEE SCHEDULE)**

The Escrow Agent shall be entitled to fees for its ordinary services as follows:

Annual fee of \$_____. These fees are payable by the City and may be paid, upon written approval from the Bank, from interest earnings from the Equipment Acquisition Fund.