
LEASE

Dated as of [_____], 2008

BETWEEN

THE PHILADELPHIA MUNICIPAL AUTHORITY
as Lessor,

and

CITY OF PHILADELPHIA
as Lessee

(and Assignment of Lessor's Interest
To [Trustee], as trustee)

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EXHIBIT A - Description of Real Estate

EXHIBIT B - Description of Capital Additions

EXHIBIT C - Standard City Provisions

THIS LEASE, dated as of [Dated Date], 2008 (the "Lease"), by and between THE PHILADELPHIA MUNICIPAL AUTHORITY, Philadelphia County, Pennsylvania, a body corporate and politic organized and existing under laws of the Commonwealth of Pennsylvania (the "Authority"), as Lessor, and CITY OF PHILADELPHIA, a body corporate and politic (the "City") organized and existing under the laws of the Commonwealth of Pennsylvania, as Lessee.

W I T N E S S E T H:

A. Parties. The Authority is a body corporate and politic organized under provisions of the Pennsylvania Municipality Authorities Act (the Act of June 19, 2001, P.L. 287, as amended) (the "Act") pursuant to ordinances of the Council of the City and is authorized to engage in the hereinafter defined Project. The City, a municipal corporation, is a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth").

B. The Project and the Bonds.

(i) The Authority, in cooperation with the City, has determined that it is advisable to undertake a project (the "Project") consisting of: (a) the acquisition, design, construction and equipping of a secure residential detention facility providing educational, health and social services to juveniles and other related facilities, and parking improvements on the Property (together, the "New Youth Center Facility" or "Facility") located on approximately 5 acres of real estate known as 91 North 48th Street, Philadelphia, Pennsylvania, described in Exhibit "A" attached hereto and made a part hereof (the "Property" and, together with the New Youth Center Facility, the "Leased Premises"); (b) the acquisition of the Property with improvements thereon; (c) payment of costs of issuance for the Bonds (hereafter defined); and (d) the leasing of the Leased Premises by the Authority to the City.

(ii) The Authority has determined to finance the costs of the Project by the issuance of its Lease Revenue Bonds Series 2008 in an amount that will produce gross proceeds (inclusive of any premium or discount) not to exceed \$97,500,000 plus costs of issuance, and later, by refunding bonds, if any (the "Bonds").

(iii) The Bonds will be authorized, issued and secured under a trust indenture, dated as of [Dated Date], 2008 (as amended and supplemented from time to time, the "Indenture"), between the Authority and [Trustee], as trustee (the "Trustee").

(iv) The obligations of the Authority under any Interim Loan Agreement will be secured by a note (the "Note") issued under the Indenture.

(v) Prior to the issuance of the Bonds, the Authority may borrow \$_____ from [PNC Bank, National Association,] pursuant to a [Loan Agreement] dated [Dated Date], 2008 (the "Interim Loan Agreement") to finance costs of the Project, intending to repay such loan with proceeds of the Bonds.

[(vi) _____ (the "Bond Insurer") will issue its financial guaranty insurance policy (the "Bond Insurance Policy") insuring the scheduled payment of principal of and interest on the Bonds.]

(vii) Upon the issuance of the Bonds, the City and the Authority will enter into this Lease pursuant to which the Authority, as lessor, will lease to the City, as lessee, the Leased Premises and the City will agree to pay as rentals, solely out of current revenues of the City, amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds, and payments due on any other Obligations (as hereafter defined) and Administrative Expenses (as hereafter defined).

(viii) The Bonds will be secured by an assignment to the Trustee of this Lease and the rentals payable to the Authority hereunder, which rentals are intended to be in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds when due and the Administrative Expenses of the Authority.

(ix) The Council of the City of Philadelphia has declared by Ordinance, introduced _____, 2007 (Bill No. _____); and duly approved by the Mayor on _____, 2007, its approval of the conveyance of the Property with improvements, the Project and the form of this Lease and authorized the City to enter into this Lease with the Authority; and

NOW, THEREFORE, the Authority and the City in consideration of the rentals hereinafter reserved and the agreements, conditions and covenants hereinafter contained, each intending to be legally bound hereby, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Terms Defined in Recitals. Throughout this Lease and any lease supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) the following terms shall have the same meanings ascribed to such terms in the recitals hereto:

Act	New Youth	Note
Authority	Center Facility	Project
Bonds	Indenture	Property
City	Lease	Trustee
Facility	Leased Premises	

Section 1.02 Additional Definitions. Capitalized terms shall have the meanings ascribed to such terms under the Indenture; provided that the following terms shall have the meanings specified below, unless the context clearly otherwise requires:

“Additional Bonds” shall mean Bonds other than the Lease Revenue Bonds 2008 Series issued pursuant to the terms of the Indenture.

“Administrative Expenses” shall mean those expenses incurred by the Authority which are properly chargeable as administrative expenses necessary for the Project, or any Capital Addition or in connection with the Lease or the Indenture and any transaction or event contemplated by this Lease or the Indenture and include, without limiting the generality of the

foregoing, the following: (a) fees and expenses of the Trustee and any paying agent under the Indenture, and rating agency fees; (b) fees and expenses of the Authority's professional advisors required by the Indenture or this Lease or reasonably necessary and fairly attributable to the Project, or any Capital Addition and/or the Leased Premises, including, without limiting the generality of the foregoing, fees and expenses of the Authority's Consulting Engineer, Consultants, Insurance Consultant, Certified Public Accountant and Counsel; (c) costs of preliminary studies, surveys, planning, testing and design works; (d) fees and expenses of engineers, architects, financial advisors, attorneys and other experts engaged in connection with the Project; (e) financing costs including interest on money borrowed to finance the Project, if capitalized; (f) fees and expenses related to temporary loans in connection with the Project; (g) any up front, periodic or termination payments or any collateral due to a counterparty under any qualified interest rate management agreement (upon authorization by ordinance of City Council) or due to the provider of a Credit Facility; (h) costs and premiums for insurance policies and renewals thereof; and (i) all rebate payments required to be made to the United States Treasury by the Authority pursuant to the Code and Section _____ of the Indenture.

“Authority Board” shall mean the governing body of the Authority.

“Authorized Authority Officer” shall mean the Chairman, Vice Chairman, Secretary or Assistant Secretary, or Treasurer or Assistant Treasurer, or Executive Director or any other Authority Officer designated by resolution of the Authority.

“Bond Counsel” shall mean any counsel named on the list of “Municipal Bond Attorneys of the United States” published in the current edition of The Bond Buyer's Directory of Municipal Bond Dealers, or in the absence of such list, counsel determined by the Authority to be qualified to pass upon legal questions relating to municipal bonds.

[“Bond Insurance Policy” shall mean the insurance policy issued by the Bond Insurer guaranteeing the payment of principal of and interest on a series of Bonds.]

[“Bond Insurer” shall mean, with respect to the Lease Revenue Bonds 2008 Series, [Bond Insurer] or any successor thereto, and with respect to a series of Additional Bonds, the financial entity, if any, that issued the Bond Insurance Policy guaranteeing such series.]

“Bonds” shall mean the Lease Revenue Bonds 2008 Series and all other series of bonds issued, authenticated and delivered at any time pursuant to the terms of the Indenture.

“Business Day” shall mean any day other than a Saturday, Sunday or day on which the Trustee or the Paying Agent is authorized by law to remain closed.

“Capital Additions” shall mean real and personal property of any kind and any and all additions and improvements to the Leased Premises, acquired or constructed by the Authority or the City after the date hereof, which have been approved by ordinance of City Council, which are used in or useful to the functioning of the Leased Premises as a building devoted wholly to public use, as described in the Act and further described in Exhibit B, attached hereto and made a part hereof, and which are subject to the Lease and the Costs of which are properly chargeable to plant or property account under Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing, land, easements, rights of

way, leaseholds, other interests in real property, replacements of property retired, and permanent additions and betterments. Capital Additions shall include the Project.

“City Council” shall mean the City Council of the City of Philadelphia.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“Construction Contract” or “Construction Contracts” shall have the meaning set forth in Section 3.02 hereof.

“Construction Fund” shall mean the fund or funds so designated which are established under the Indenture.

“Consultant” shall mean an Independent Person who has been appointed in accordance with and for the purposes contemplated by the provisions of the Indenture or this Lease, other than a Consulting Engineer.

“Consulting Engineer” shall mean an engineer or architect (or firm or corporation thereof) registered in the Commonwealth, or another state to the extent permitted by law, and qualified to pass upon construction questions, who has been appointed by the City or the Authority, as the case may be, and not unsatisfactory to the other party or the Trustee and who is, in fact, Independent.

“Cost” or “Costs”, in connection with the Project or any Capital Additions, shall mean all costs, charges and expenses which are properly chargeable thereto or which are incidental to the financing, acquisition, and construction of the Project or such Capital Additions, including, without limiting the generality of the foregoing:

- A. Amounts payable to contractors and costs incident to the award of contracts;
- B. Cost of labor, facilities and services furnished by the Authority, the City and their employees or others, materials and supplies purchased by the City of the Authority or others, and permits and licenses obtained by the Authority, the City of others;
- C. Engineering, architectural, legal, accounting and other professional and advisory fees;
- D. Premiums for contract performance bonds and insurance during construction and costs incurred on account of personal injuries and property damage in the course of construction and insurance against same;
- E. Interest during construction;
- F. Administrative Expenses during construction;

G. Printing, engraving, underwriting costs and other expenses of financing;

H. Costs, fees and expenses in connection with the acquisition of real and personal property or rights therein;

I. Cost of equipment purchased by the Authority or the City and necessary to the completion and proper operation of the Project or Capital Additions or property in question;

J. Amounts required to repay temporary or bond anticipation loans or advances from other funds of the City made to finance the costs of the Project or Capital Additions or required to be paid upon termination of any qualified interest rate management agreement (upon authorization by ordinance of City Council).

K. Cost of prior improvements incurred by the City in anticipation of the Project or Capital Additions;

L. Moneys necessary to fund the Funds created hereunder and under the Lease; and

In the case of Projects for refunding or redeeming any Bonds, "Cost" or "Costs" includes, without limiting the generality of the foregoing, the items listed in C and G above, advertising and other expenses related to the redemption of the Bonds to be redeemed and the Redemption Price of such Bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above. Whenever Costs are to be paid hereunder, such payment may be made by way of reimbursement to the Authority or others who have paid the same.

"Counsel" shall mean an attorney-at-law or law firm (who may be the City Solicitor or other counsel for the City of counsel for the Authority) satisfactory to the Trustee.

"Credit Facility" shall mean any letter or credit, line of credit, guaranty or other agreement constituting a credit enhancement or liquidity facility for a series of Bonds.

"Director of Finance" shall mean the Director or Acting Director of Finance of the City.

"Event of Default" shall mean any event specified in Section 9.01 hereof.

"Facilities" shall mean the buildings, furniture and equipment comprising the Project.

"Fiscal Year" shall mean the period of twelve (12) months beginning July 1, of each year or any other period of twelve (12) consecutive months selected by the City as its fiscal year.

“Independent” shall mean a Person: (i) who is not a member of the Board of the Authority; (ii) who is not an officer or employee of the Authority or the City; or (iii) which is not a partnership, corporation or association having a partner, director, officer, or member of the Board of the Authority, or an officer or employee of the Authority of the City; provided, however, that the fact that such person is retained regularly by or transacts business with the Authority shall not make such Person an employee within the meaning of this definition.

“Insurance Consultant” shall mean a Consultant appointed by the Authority in accordance with Section 6.01 of this Lease or the provisions of the Indenture, who is qualified to survey risks and recommend coverages for equipment and facilities such as the New Youth Center Facility or like operations who is, in fact, Independent. Such Consultant may be a broker or agent with whom the Authority or the City regularly transacts business.

“Obligations” shall mean the Bonds, the Note, and any other obligations of the Authority secured by the Indenture, whether on a parity with the Bonds or subordinate thereto, and incurred in compliance with the terms of the Indenture including, upon authorization by ordinance of City Council, any qualified interest rate management agreements, if any.

“Permitted Encumbrances” means, with respect to the Leased Premises, as of any particular time, (i) the Indenture, this Lease, and liens or encumbrances arising therefrom; (ii) liens for ad valorem taxes, special assessments and other governmental charges not then delinquent; (iii) utility, access or other easements and rights-of-way, mineral rights, restrictions and exceptions, all of which will not materially interfere with or impair the operations being conducted on the Leased Premises; (iv) “transfers” and liens permitted under this Lease; (v) liens or security interests existing on the date hereof; and (vi) such minor defects, encroachments, irregularities, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Leased Premises and do not in the aggregate, in the opinion of Counsel, materially impair the use of the property affected thereby or interfere with its use for the purpose for which it was acquired or is held.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body, any other political subdivision, municipality or municipal authority or any other group or entity.

“Purchase Option” means the option granted to Urban Education Development Research and Retreat Center (“Seller”) by the Authority to purchase the Leased Premises as more specifically described in the Agreement of Purchase and Sale between the City and Seller dated May 10, 2004, as amended.

“Regulatory Body” shall mean and include (i) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America, (ii) the Commonwealth of Pennsylvania, any political subdivision thereof and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the Commonwealth of Pennsylvania, and (iii) any other public or private body, whether Federal, state, local or otherwise having or exercising regulatory jurisdiction and authority over the Leased Premises, but shall not include the Authority.

“Supplemental Indenture” shall mean any indenture amending or supplementing the Indenture which may be entered into in accordance with the provisions of the Indenture.

“Supplemental Lease” shall mean any lease amending or supplementing this Lease which may be entered into in accordance with the provisions of this Lease.

“Tax Certificate” shall mean that Tax Certificate and Agreement executed and delivered by the City and the Authority at the time of original issuance and delivery of the Bonds.

Section 1.03 Interpretation. The words “hereof,” “herein,” “hereto,” and “hereunder” refer to the entire Lease.

Every “request,” “requisition,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” or similar action hereunder by the Authority shall, unless the form thereof is specifically provided, be in writing and executed by an Authorized Authority Officer.

Whenever in this Lease any consent, permission or approval is required, such consent, permission or approval shall not be unreasonably or untimely withheld.

Words importing persons include firms, associations and corporations, all words importing the singular number include the plural number and vice versa, and all words importing the masculine gender import the feminine gender and vice versa.

All words and terms used in the Lease and not defined above or elsewhere herein shall have the same meanings as set forth in the Indenture, if defined therein.

ARTICLE II

LEASE OF PREMISES AND TERM THEREOF

Section 2.01 Term. The Authority, as lessor, does hereby demise and lease the Leased Premises to the City, as lessee, for operation and use and the City does hereby lease, hire and take the same hereby from the Authority.

TOGETHER with all necessary mutual easements for utilities and rights of ingress and egress on respective properties of the City and the Authority.

TO HAVE AND TO HOLD the same unto the City, as lessee, for a term beginning on the date hereof and ending on December 31, 20__, unless extended or sooner terminated in accordance with the terms hereof; provided that such term shall not be sooner terminated by the City so long as any Obligations are outstanding.

Section 2.02 Reliance by Bondholders [and the Bond Insurer]. This Lease is executed in part to induce the purchase by others of the Bonds [and in part to induce the Bond Insurer to issue its Bond Insurance Policy] and to induce the holders of the other Obligations to extend credit to the Authority, and, accordingly, all covenants and agreements on the part of the

City and Authority, as set forth in this Lease, are hereby declared to be for the benefit of the owners from time to time of the Bonds and the holders of other Obligations. Except as hereinabove provided, this Lease and the covenants and agreements contained herein shall not be deemed to be for the benefit of any person other than the parties thereto.

Section 2.03 Peaceable Enjoyment. The Authority covenants that the City, upon observing and performing the terms, conditions and covenants on the City's part to be observed and performed, shall peaceably and quietly have, hold and enjoy the Leased Premises during the term of the Lease, free from molestation, hindrance, eviction or disturbance by the Authority or by any other person or persons lawfully claiming the same by, through or under the Authority, and subject also to Permitted Encumbrances. This covenant is given in lieu of any implied covenant of quiet enjoyment.

ARTICLE III

THE PROJECT AND CAPITAL ADDITIONS

Section 3.01 Construction of the Project and Capital Additions to the Leased Premises.

(a) The Authority agrees to transfer the net proceeds from the sale of the Bonds in accordance with the terms of the Indenture to pay the costs of the Project, the Capital Additions, the costs of issuance of the Bonds and any other obligations of the Authority incurred in connection therewith.

The City hereby agrees that, to the extent that other available moneys are insufficient therefor, it shall provide funds for the payment of the costs of the Project or any Capital Additions. Without limiting the generality of the foregoing, the City agrees to deposit into the Construction Fund established under the Indenture such amounts as are estimated from time to time to be necessary in order to provide in such Fund sufficient moneys for the payment of Costs properly payable therefrom. Such deposits shall be made by the City at the request of the Trustee or the Authority, following any valuation pursuant to the Indenture or any increase in the costs chargeable against such Construction Fund; provided, however, that in lieu of all or any portion of a deposit otherwise required to be made into the Construction Fund, the City may provide the Trustee with an irrevocable, unconditional letter of credit issued by an institution satisfactory to the Authority. For the purposes hereof, there shall be taken into account the costs chargeable against the Construction Fund and drawdown dates in respect thereof, as estimated by the City and, in the case of amounts payable under Construction Contracts, approved by a Consulting Engineer, and there shall also be taken into account the investments made and to be made of moneys on deposit in such Fund.

(b) The Authority shall enter into (or become party thereto by assignment from the City) all construction contracts and other agreements (herein, the "Construction Contracts") with third parties for any acquisition, installation, equipping, construction, renovations and conversions relating to the Project or any Capital Additions based upon the plans and specifications submitted by the City to the Authority. All Construction Contracts must be

approved by the City. As of the date hereof, the City has assigned to the Authority all existing Construction Contracts with the City for the Project or any Capital Additions.

(c) The City shall file with the Trustee and the Authority copies of (i) an estimate of the Costs of the Project or any Capital Additions and the estimated schedule for payment of such Costs, which estimates and schedules shall, to the extent that they relate to work done under Construction Contracts, be approved by a Consulting Engineer, and (ii) the plans and specifications, if any, for the Project or any Capital Additions prepared by a Consulting Engineer. All Construction Contracts shall provide and the Authority and the City agree that title to the materials, fixtures, equipment and machinery constituting any part of the Leased Premises shall vest in the Authority under the Lease, as the same are deposited on or delivered to the Leased Premises or to any other site permitted by the Indenture.

(d) The City on behalf of the Authority shall cause the Project or any Capital Additions to be undertaken and completed in compliance with all present and future laws, acts, rules, regulations, orders and requirements lawfully made and applicable thereto, and present and future requirements of insurance companies writing policies covering the Project or any Capital Additions and in accordance with the Construction Contracts, estimates and schedules of Costs and plans and specifications therefor. The foregoing shall not prohibit the City on behalf of the Authority from effecting amendments, modifications, changes and deletions relating to the Project or any Capital Additions or to any Construction Contract, estimate, schedule and plans and specifications therefor; provided, however, that such changes are filed with the Authority and Trustee and are in compliance with all applicable laws, acts, ordinances, rules, regulations, orders and requirements as aforesaid and provided further that the City shall provide for the payment of any increase in the Costs of the Project or any Capital Additions resulting from a change therein to the extent required pursuant to Section 3.01 hereof.

(e) All payments to suppliers and contractors due under Construction Contracts shall be made by the Trustee in accordance with the terms of the Indenture. The City shall submit to the Authority, with each requisition or group of requisitions for payment, a summary statement setting forth, with respect to each budget category for the Project or any Capital Additions, the then current estimate of costs relating thereto and the total amount theretofore disbursed with respect to each budget category (exclusive of the amount then being requisitioned), and shall also submit such other certificates and supporting material as the Authority may reasonably require. The City shall be reimbursed by the Trustee for all Costs of the Project or any Capital Additions paid by the City.

(f) The City on behalf of the Authority shall enforce the Construction Contracts, and neither the City nor the Authority will do or refrain from doing any act whereby any surety on any bond may be released in whole or in part from any obligation assumed by such surety or from any agreement to be performed by such surety under the bond. In the event of any default on the part of any contractor, Consulting Engineer or other contractor or any subcontractor or supplier under any contract made by it in connection with the Project or any Capital Additions, or in the event of a breach of warranty with respect to any materials, workmanship or performance guaranty, the City will notify the Authority, and the Trustee and will proceed, either separately or in conjunction with others, to pursue such remedies against the Consulting Engineer, the contractor, subcontractor or supplier so in default and against such

surety for the performance of such contract as it may deem advisable. The City agrees to advise the Authority and the Trustee of the steps it intends to take in connection with any such default. If the City shall so notify the Authority and the Trustee, the City on behalf of the Authority may, and at the direction of the Authority shall, in its own name or in the name of the Authority, prosecute any action or proceeding or take any other action involving any such Consulting Engineer, contractor, subcontractor, supplier or surety which the City deems reasonably necessary, and in such event the Authority hereby agrees to cooperate fully with the City. If the City, after direction from the Authority, refuses to prosecute any action or proceeding or take any other action against such Consulting Engineer, contractor, subcontractor, supplier or surety, the Authority may proceed to take all such action in the name of the City or in its own name and the City shall pay all Administrative Expenses in connection therewith.

(g) The City agrees to obtain or cause to be obtained by the contractors in respect of the Project or any Capital Additions involving construction a surety bond or bonds in form acceptable to the Authority covering (i) performance of contracts, including coverage for correction of defects developing within one year after completion and acceptance for each contract, and (ii) payment for labor and materials. The bond or bonds shall be executed by a responsible surety company or companies qualified to do business in the City of Philadelphia, Pennsylvania and not unsatisfactory to the Authority, and the City, shall name the City and the Authority as co-obligees, and shall be in amounts, in the aggregate, equal, to not less than 100% of the fixed contract price or prices for such Project or Capital Additions, provided that the one-year maintenance portion of the bond or bonds may be limited to 10% of such contract price or prices. Prior to the commencement of the construction of such Project or Capital Additions, such bonds shall be delivered to the Authority. The net amounts recovered on such bonds shall be deposited in the Construction Fund under the Indenture.

(h) During the period of construction, if any, of the Project or Capital Additions, the City will maintain or cause to be maintained:

(i) builder's risk (or equivalent coverage) insurance upon any work done or materials furnished under Construction Contracts except excavations, foundations and any other structures not customarily covered by such insurance, such policies to be written in completed value form for 100% of the insurable value of the Construction Contract in the names of the City, the Authority, the contractor and the Trustee, as their interests may appear, with loss payable to the Trustee; and

(ii) workmen's compensation and employer's liability insurance covering all employees of contractors and subcontractors in amounts required by law.

All policies of insurance required under clause (i) above shall be issued by responsible companies qualified to do business in Pennsylvania and not unsatisfactory to the Authority and the City. Each policy of insurance required by this Section, a copy thereof or an insurance certificate in respect thereof shall be deposited with the Authority prior to the commencement of construction. The net proceeds of any builder's risk insurance received in respect of any Project or Capital Additions shall be deposited into the Construction Fund under the Indenture.

Section 3.02 Warranties. The Authority makes no express or implied warranty of any kind whatsoever with respect to the Leased Premises or any part of the Leased Premises, including, but not limited to: the merchantability of any parts or equipment included within the Leased Premises, or its fitness for any particular purpose; the design or condition of the Leased Premises or any part thereof; the workmanship in the Leased Premises or any part thereof; or compliance of the Leased Premises or any part thereof with the requirements of any law, rule, specification or contract pertaining thereto. Title to the Leased Premises and any part thereof shall vest solely in the Authority, and the City will not impair, and will defend, the Authority's title to the Leased Premises.

Section 3.03 Unused Proceeds. The City and the Authority agree that, if any proceeds in the Construction Fund established under the Indenture shall remain unexpended when the Project or any Capital Additions is completed, they will only expend such proceeds as directed by the City and will not expend such proceeds for such purposes or in such manner as would cause interest on any Bonds to be included within the gross income of the owners of the Bonds for federal income tax purposes.

ARTICLE IV

ASSIGNMENT

Section 4.01 Assignment to Trustee. The Authority, immediately following execution and delivery hereof, shall irrevocably assign for value this Lease and all rentals payable hereunder (except such amounts as shall provide for Authority's Administrative Expenses, certain rights to indemnification and certain obligations and approvals which may be performed only by the Authority) to the Trustee, IN TRUST, to be held and applied pursuant to provisions of the Indenture for the benefit of the Bondholders and the holders of other Obligations. The City: (1) consents to such assignment and accepts notice thereof with the same legal effect as though such acceptance were embodied in a separate instrument, separately executed after execution of such assignment; (2) agrees to pay directly to the Trustee all rentals payable hereunder, without any defense, set-off or counterclaim arising out of any default on the part of the Authority under this Lease or any transaction between the City and the Authority; and (3) agrees that the Trustee may exercise all rights granted the Authority hereunder.

Section 4.02 Assignment by the City. Without the prior written consent of the Authority [and the Bond Insurer], the City may not by operation of law or otherwise assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein.

ARTICLE V

CONCERNING RENTALS AND ADDITIONAL SUMS

Section 5.01 Rental Payments. In consideration of the lease of the Leased Premises to the City by the Authority pursuant to Section 2.01 hereof, the City shall pay as rentals to the Authority or its assigns:

(a) for deposit in the Bond Fund under the Indenture, on or before 10:00 a.m. Philadelphia time, on the date three Business Days prior to each Interest Payment Date (as defined in the Indenture) or Sinking Fund Installment Date (as defined in the Indenture) or on any other date that principal of and premium, if any, and interest on the Bonds, or any portion thereof, shall be due and payable, whether by maturity, redemption (other than by acceleration under the Indenture) or otherwise, an amount which, together with other moneys in the Bond Fund available therefor, is sufficient to make the Authority's required payments of principal of and premium, if any, and interest on the Bonds then becoming due, whether by maturity (other than by acceleration under the Indenture), redemption or otherwise;

(b) Commencing on the date hereof, and on or before the first day of each month thereafter, such amount as shall provide for the Authority's Administrative Expenses incurred in connection with the Leased Premises and the Project, including an amount which is sufficient to make any payment required to be made by the Authority to the United States Treasury, as provided in the Indenture and as requested in writing by the Authority; and

(c) at least one Business Day prior to the date when due, all amounts due and payable under the Note and any other Obligations to the extent not provided for in Section 5.01 (a) and (b) above.

Additionally, from time to time, the City shall be required to make payments necessary to make up any deficiency in the funds established under the Indenture, other than as stated above, or to pay for any cost overruns with respect to the any Capital Addition to the extent that the City has funds appropriated for such purposes in such Fiscal Year. At least 15 days prior to the beginning of each Fiscal Year, the Authority shall cause the Trustee to advise the City of the amount of such rental payments.

All rentals payable under (a) of this Section 5.01 shall be paid in immediately available funds and held, invested, disbursed and applied as provided in the Indenture; provided, however, that, on or before 45 days prior to any Sinking Fund Installment Date, the City may deliver to the Trustee Bonds of a maturity, a portion of which is required to be redeemed by the Trustee on such Sinking Fund Installment Date, and the rentals required to effect such redemption otherwise due from the City shall be reduced by the aggregate principal amount of the Bonds so delivered up to the full amount of such Sinking Fund Installment.

If the moneys available to the Authority for the purposes of the Indenture should be insufficient to pay the Authority's obligations thereunder, or under the Bonds or any other Obligations, then the City upon demand shall pay to the Authority or its assigns such additional sum or sums in each Fiscal Year as shall be required for such purposes.

The Authority hereby directs the rent (except such amounts as shall provide for the Authority's Administrative Expenses and certain indemnification which shall be paid directly to the Authority) to be paid to the Trustee under the Indenture, to which, under the terms of the Indenture, this Lease and the rent payable hereunder are assigned, or to its successor trustee under the Indenture.

The rentals shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of rentals and include the same in its annual Operating Budget for each year. If the current revenues are insufficient to pay the total rentals in any Fiscal Year as the same become due and payable, the City covenants to include amounts not so paid in its Operating Budget for the ensuing Fiscal Year and to produce sufficient current revenues to pay in each ensuing year such balance due in addition to the amount of rental due for such ensuing year.

The City covenants to make appropriations in each of its Fiscal Years in such amounts as shall be required in order to make all rental payments due and payable hereunder in each of the City's Fiscal Years.

Section 5.02 Taxes, Utility Charges. As additional rent hereunder, the City during the term of this Lease shall pay or cause to be paid to the public officers charged with the collection thereof promptly as the same become due, all taxes (or contributions or payments in lieu thereof), including but not limited to income, profits or property taxes, which may now or hereafter be imposed by the United States of America, any state or municipality or any political subdivision or subdivisions thereof, and all assessments for public improvements or other assessments, levies, license fees, charges for publicly supplied water or sewer services, excises, franchises, imposts and charges, general and special, ordinary and extraordinary (including interest, penalties and all costs resulting from delayed payment of any of the foregoing) of whatever name, nature and kind and whether or not now within the contemplation of the parties hereto which are now or may hereafter be levied, assessed, charged or imposed or which are or may become a lien upon this Lease, the Leased Premises, the use or occupation thereof or upon owner or occupants in respect of or upon the basis of the rent or the estate hereby created, or upon the City or the Authority, or upon any franchises, businesses, transactions, income, earnings and receipts (gross, net or otherwise) of the Authority in connection with the Leased Premises, for payment or collection of which the Authority otherwise would be liable or accountable under any lawful authority whatever by reason of this Lease, or its earnings, profits or receipts from, or its leasing of, the Leased Premises; provided, however, that the City shall not be required to pay or discharge or cause to be paid or discharged any tax, assessment, lien or other matter hereunder so long as the validity thereof is being contested in good faith and by appropriate legal proceedings diligently pursued. The City will, upon request, provide the Authority or the Trustee with copies of any tax returns and receipts for payments of-taxes.

Section 5.03 Authority Administrative Expenses. If moneys available to the Authority for the purpose under the Indenture shall be insufficient to pay the Authority's reasonable Administrative Expenses, the City shall pay to the Authority or its assigns such additional sum or sums as additional rent, in each Fiscal Year, as shall be required for such purpose. Such additional sum or sums, if any, shall be payable at such time or times in each Fiscal Year in which the same shall be required as may be agreed upon by the City and the Authority or its assigns, but in no event later than 30 days following the last day of such Fiscal Year.

Section 5.04 Advance Payments. The City may make payments in advance from time to time, on account of rentals payable hereunder, in installments, which amounts shall be credited against the rental at the time next due, unless otherwise directed by the City. All

such payments shall be made directly to the Trustee and shall be deposited by the Trustee in the Bond Fund created under the Indenture.

Section 5.05 No Abatement or Setoff. The City shall pay rentals and additional sums required hereunder from current revenues of the City without suspension or abatement of any nature, notwithstanding that all or any part of the Leased Premises shall have been wholly or partially destroyed, damaged or injured and shall not have been repaired, replaced or rebuilt. So long as any of the Obligations remain outstanding or sufficient money for the payment of the Obligations in full, including principal, interest or redemption price, if any, shall not be held by the Trustee in trust therefor, the obligation of the City to pay rentals from current revenues of the City shall be absolute and unconditional and shall not be suspended, abated, reduced, abrogated, waived, diminished or otherwise modified in any manner or to any extent whatsoever, and regardless of any rights of setoff, recoupment or counterclaim that the City might otherwise have against the Authority or the Trustee or any other party or parties and regardless of any contingency, act of God, event or cause whatsoever and notwithstanding any circumstances or occurrence that may arise or take place after the date hereof, including but without limiting the generality of the foregoing:

- (a) any damage to or destruction of any part or all of the Leased Premises;
- (b) the taking or damaging of any part or all of the Leased Premises, by any public authority or agency in the exercise of the power of or in the nature of eminent domain or by way of a conveyance in lieu of such exercise or otherwise;
- (c) any assignment, novation, merger, consolidation, transfer of assets, leasing or other similar transaction of or affecting the City, whether with or without the approval of the Authority or the Trustee;
- (d) the expiration of the term of this Lease pursuant to the provisions hereof;
- (e) any failure of the Authority or the Trustee to perform or observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease, the Indenture, the Bonds or any other Obligations;
- (f) any acts or circumstances that may constitute an eviction or constructive eviction;
- (g) failure of consideration, failure of title or commercial frustration;
- (h) any change in the tax or other laws of the United States or of any state or other governmental authority;
- (i) any determination that the interest on the Bonds is included in gross income of the owners thereof for purposes of federal income taxation;
- (j) any change in the law applicable to this Lease or the Indenture; and

(k) the failure to complete the construction or the equipping of any Capital Addition.

Except to the extent provided in and subject to this Section 5.05, nothing contained herein shall be construed to prevent or restrict the City from asserting any rights which it may have under this Lease or any provision of law against the Authority or the Trustee.

Section 5.06 Rentals to be Net. Rentals and additional sums required to be paid by the City shall be received by the Authority or its assigns as net sums and shall be sufficient in amount to meet all of the Authority's obligations under the Bonds, the Indenture and any other Obligations, and the City covenants to pay, out of current revenues, all charges against or which might diminish such net sums.

Section 5.07 Termination. When interest on, and principal or the redemption price (as the case may be) of, all Bonds issued under the Indenture have been paid and any other Obligations have been satisfied pursuant to their terms, or there shall have been deposited with the Trustee an amount evidenced by moneys or securities pursuant to Article ___ of the Indenture, which, together with earnings thereon, will provide sufficient moneys to fully pay the Bonds, as well as all other sums payable under the Indenture and this Lease to the Authority and Trustee, and the Authority has met all other requirements of the Indenture, and any other Obligations have been satisfied pursuant to their terms no further rentals shall be payable hereunder, and the Authority shall cause the Trustee to pay over to the City any moneys then remaining in any Funds created under the Indenture except moneys held for the payment of Bonds, other Obligations or any amounts owed to the Authority [and/or the Bond Insurer].

ARTICLE VI

INSURANCE AND CONDEMNATION

Section 6.01 Insurance. Notwithstanding anything to the contrary herein contained, all risk of loss, damage, theft or destruction to the Leased Premises shall be borne by the City. No such loss, damage, theft or destruction of the Leased Premises or any part thereof shall impair the obligations of the City under this Lease, all of which shall continue in full force and effect. It is understood and agreed that the City may be a self-insurer as to the Leased Premises. The City hereby assigns, transfers and sets over to the Authority all of its right, title and interest in and to all sums, including insurance proceeds, received or payable to the City arising out of any damage or any claim for damage which the City may have or receive or for which the Authority may receive to the benefit of the City with respect to the Leased Premises against or from any person or entity.

From the date hereof and so long as the Authority has an ownership or leasehold interest in the Leased Premises the City covenants to either: (1) provide through self insurance, with the consent of the Authority, personal and property liability insurance and damage insurance; or (2) provide and maintain continuously, whether by itself or through the Authority, public liability and property insurance and landlord's liability insurance insuring the City and the Authority, and its members and officers when involved in matters related to the Leased Premises, as their interests may appear, against liability for injuries to persons and property in the

minimum amount of \$1,000,000 primary liability per occurrence for bodily injury and \$1,000,000 in the aggregate, and \$1,000,000 primary liability for property damage for each occurrence and in the aggregate of not less than \$1,000,000. In addition to the primary liability insurance, a commercial umbrella insurance policy of at least \$25,000,000 shall be written as accompanying insurance coverage insuring the City and the Authority unless the parties agree on a lesser policy amount. All such policies shall contain a 30 days' prior written notice of cancellation clause to the Authority and the Trustee.

From a date approximately one month prior to installation and testing of any boiler system in the Facilities and so long as the Authority has an ownership or leasehold interest in the Leased Premises, the City covenants to provide and maintain continuously whether by itself or through the Authority insurance for boiler and machinery coverages (direct damage and use and occupancy) on a replacement cost and bodily injury basis as shall be recommended by the Insurance Consultant or where required by law.

All policies of insurance required under this Section shall be issued by responsible companies qualified to do business in Pennsylvania and not unsatisfactory to the Authority and the City. An insurance certificate in respect of each policy shall be deposited with the Authority, the Trustee and the City.

On the date hereof and on the first day of every June thereafter, the Authority shall, at the expense of the City, employ an Insurance Consultant. If the Insurance Consultant, by written recommendation, shall recommend that public liability and boiler and machinery policy limits be increased, then the recommended increased limits shall be adopted and maintained. The Authority shall maintain copies of such insurance policies and certifications and include the expense thereof as rent as Administrative Expenses chargeable under this Lease.

Section 6.02 Destruction, Damage, and Eminent Domain. If the Leased Premises shall be wholly or partially destroyed or damaged by fire or other casualty covered by insurance or shall be wholly or partially condemned, taken or injured by any person, including any person possessing the right to exercise the power of or a power in the nature of eminent domain or transferred to such a person by way of a conveyance in lieu of the exercise of such a power by such a person, the Authority and the City covenant that they will take all actions and will do all things which may be necessary to enable recovery to be made upon such policies of insurance or on account of such taking, condemnation, conveyance, damage or injury in order that moneys due on account of losses suffered may be collected and paid to the Trustee. The Trustee is authorized, in its own name, as trustee of an express trust, to demand, collect, sue, settle claims, receipt and release moneys which may be due and payable under such policies of insurance or on account of such condemnations, damage or injury.

Any appraisal or adjustment of loss or damage and any settlement or payment therefor, which may be agreed upon by the Authority, the City and the appropriate insurer or condemnor or person, shall be evidenced to the Trustee by the certificate and approvals set forth in the Indenture. The Trustee may rely conclusively upon such certificates.

Section 6.03 Notice of Property Loss. Immediately after occurrence of loss or damage covered by insurance, or after notice of condemnation has been received, or the

occurrence of injury or damage, the City shall notify in writing the Authority, the Authority, the Consulting Engineer and the Trustee thereof and the Consulting Engineer promptly shall determine and advise the Authority, the Trustee and the City, in writing, whether it is practicable and desirable to repair, reconstruct or replace such damaged or destroyed or condemned property. If the Consulting Engineer shall advise in the affirmative and the City and the Authority agree thereto in writing, the Authority or the City, as appropriate, shall proceed forthwith with repair, reconstruction or replacement, to the extent of insurance proceeds or sums received as condemnation or other damages collected with respect to such loss or damage, in the manner provided herein and in the Indenture. The City shall pay from its own funds the cost of such repair, reconstruction or replacement to the extent insurance proceeds or other sums received with respect to such loss or damage, together with any sums advanced from the Construction Fund pursuant to the Indenture, shall be insufficient.

Section 6.04 Disposition of Insurance Proceeds; Property Damage. If moneys collected under policies of insurance or on account of condemnation, damage or injury with respect to any one loss shall equal or exceed \$500,000 and the Consulting Engineer shall have determined that repair, reconstruction or replacement is practicable and desirable, and if the Authority and the City shall request, the Authority agrees that such moneys shall be paid by the Trustee for costs of such repair, reconstruction or replacement as provided in the Indenture from the Construction Fund. Moneys in excess of the amount needed for costs of such repair, reconstruction or replacement shall be deposited in the Bond Fund.

If moneys collected under policies of insurance or on account of condemnation, damage or injury with respect to any one loss shall be less than \$500,000 and the Consulting Engineer shall have determined that repair, reconstruction or replacement is practicable and desirable, and if the Authority and the City shall request, the Authority agrees that the Trustee shall pay such moneys to the City to be used by it for the purpose of paying costs of such repair, reconstruction or replacement and neither requisitions nor certificates shall be required.

In the event that any insurance or condemnation proceeds are not applied as set forth above within twelve months after receipt by the Trustee, or if the Authority fails to obtain, or cause to be obtained the required certificate of the Consulting Engineer within three months after occurrence of the condemnation, injury or damage to the Leased Premises, or if the certificate of the Consulting Engineer states that the repair, reconstruction or replacement is not practicable or desirable, the insurance proceeds or condemnation awards shall at the direction of the Authority be deposited in a Special Account of the Bond Fund, if any for application in accordance with the provisions of Section ___ of the Indenture.

Subject to the provisions of the Indenture and the Bonds, if any insurance proceeds or condemnation proceeds are deposited in the Bond Fund, such insurance proceeds or condemnation awards shall be applied first, to the payment of any Bonds on which the Authority is in default under the Indenture and thereafter, to the redemption of Bonds designated by the City in writing to the Trustee; provided, however, that such redemption is made in accordance with Section ___ of the Indenture.

ARTICLE VII

CAPITAL ADDITIONS

Section 7.01 Capital Additions. If the City shall deem it necessary or advisable that Capital Additions should be acquired or constructed with respect to the Leased Premises, it may request the Authority to provide moneys for all or part of the costs thereof. Any such request shall be in writing, shall be signed by the Director of Finance of the City, shall set forth the amount requested and shall be accompanied by appropriate ordinance of City Council authorizing the Capital Addition and an increase of the rentals due under this Lease, or any supplement thereto, to pay the debt service of any obligation incurred by the Authority for the Capital Addition.

Section 7.02 Additional Bonds. Upon receipt of a request of the City, accompanied by required documents, as provided in Section 7.01, the Authority may, but shall have no obligation to, provide all or any part of the amounts requested by issuance and sale of Additional Bonds, as provided in the Indenture.

ARTICLE VIII

ADDITIONAL COVENANTS OF THE AUTHORITY AND THE CITY

Section 8.01 Consulting Engineer. The City covenants and agrees that whenever the services of a Consultant or a Consulting Engineer are required to carry out the provisions hereof, it will, upon request of the Authority, retain or cause to be retained a Consultant or Consulting Engineer.

Section 8.02 Construction, Operation and Maintenance. The City covenants to provide for the construction and equipping of the Project or Capital Additions subsequently authorized and agreed upon in accordance with the plans and specifications therefor. The City shall determine the level of operation and maintenance of the Leased Premises, and any repairs or replacements which the City shall install shall become the property of the Authority. The City further covenants that it will not commit or suffer any stripping or waste of the Leased Premises. The City will bear all costs in connection with the use of the Leased Premises.

Section 8.03 Compliance With Laws. The City covenants that all actions heretofore and hereafter taken by the City or by the Authority upon the recommendation or request of any officer of the City to acquire and carry out the Project and any additional project or any Capital Addition, including the making of contracts, have been and will be in full compliance with all pertinent laws, ordinances, rules, regulations and orders applicable to the City. In connection with the operation, maintenance, repair and replacement of the Leased Premises, the City covenants that it shall comply with all applicable ordinances, laws, rules, regulations and orders of the government of the United States of America, the Commonwealth of Pennsylvania, the City, and any requirement of any board of fire underwriters having jurisdiction or of any insurance company writing insurance on the Leased Premises; provided, that this covenant shall not be construed to include any laws, rules and regulations relating to prisoners or their housing on the Leased Premises. The City further covenants and represents that the Leased

Premises are in compliance with all applicable zoning, subdivision, building, land use and similar laws and ordinances. The City covenants that it shall not take any action or request the Authority to execute any release which would cause the Leased Premises to be in violation of such laws or ordinances or such that a conveyance of the Leased Premises or of any portion of the Leased Premises would create a violation of such laws and ordinances. The City acknowledges that any review by the Authority's staff or counsel of any action heretofore or hereafter taken by the City has been or will be solely for the protection of the Authority. Such reviews shall not prevent the Authority from enforcing any of the covenants made by the City.

Section 8.04 Preservation of Leased Premises; Exceptions. Except with respect to the transactions contemplated hereby, the City covenants that it will not:

(a) transfer or permit the transfer of this Lease or the Leased Premises or any interest therein or part thereof ("transfer"), without intending to limit the generality of the foregoing, shall at any given time, include, grant, convey, mortgage, encumber, pledge, hypothecate, lease, release, quitclaim, assign and sell and shall embrace the creation of an easement, servitude or license, the passage or creation of title, the passage or creation of any interest, the creation of any lien or judgment of record against the Leased Premises, or any disposition thereof or any interest therein or part thereof, whether voluntary or involuntary or by operation of law except, however, "transfer" shall not include any lien permitted by this Lease or the Indenture), provided, however, that the creation of any lien or judgment of record against the Leased Premises shall not be a default hereunder so long as the validity thereof is being contested in good faith and by appropriate legal proceedings and neither the Leased Premises nor any rent or income therefrom or interest therein would be in any immediate danger of being sold, forfeited, attached or lost; and the City will, promptly after a final determination of such contest or proceedings, fully pay and discharge the amounts which may be levied, assessed, charged or imposed or determined to be payable therein or in connection therewith, together with all penalties, fines, interests, costs and expenses thereto or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof. Notwithstanding anything to the contrary in this Section 8.04, the City may:

(i) sublease or license the use of a part or parts of the Leased Premises to any person,

(ii) if no Event of Default under this Lease shall have happened and be continuing,

(A) with the joinder of the Authority, grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Leased Premises, free from the Indenture,

(B) with the joinder of the Authority, release existing easements, licenses, rights of way and other rights or privileges, or

(C) give a purchase money security interest with respect to personal property hereafter acquired for use on the Leased Premises,

all with or without consideration and upon such terms and conditions as the City shall determine, and the Authority agrees that it will execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, purchase money security interest or other right or privilege, upon receipt by the Authority and the Trustee of:

(1) a copy of the instrument of grant or release, and

(2) a written application executed by the City requesting such instrument;

(iii) remove, sell or otherwise dispose of property which has been replaced in the ordinary course of operations;

(iv) remove, sell or otherwise dispose of any tangible personal property, fixtures or equipment from the Leased Premises in the ordinary course of business at any one time if the book value of the same shall not exceed \$500,000;

(v) remove, sell or otherwise dispose of tangible personal property, fixtures or equipment, at any one time having a book value in excess of \$500,000 or not in the ordinary course of business, if the City shall file with the Authority a request for approval of such sale or other disposition, signed by the Commissioner of Public Property and the Director of Finance of the City. The City may, thereafter, make such removal, sale or other disposition upon receipt of the written approval of the Authority. The City covenants that the net proceeds of any sale or other disposition made pursuant to this Section 8.04 (a)(v) shall be applied to the replacement of the property, fixtures or equipment sold or disposed of or shall be placed in the Bond Fund created under the Indenture, and further covenants that any property, fixtures or equipment received or installed as replacements to such removed property, fixtures or equipment shall be a part of the Leased Premises hereunder.

(b) do or permit others under its control to do any work in or about the Leased Premises or related to any repair, rebuilding, restoration, replacement, alteration of or addition to the Leased Premises, or any part thereof, unless the City shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. All such works shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, ordinances, governmental regulations and requirements and in accordance with the requirements, rules and regulations of boards of fire underwriters having jurisdiction.

(c) do or suffer to be done, anything whereby the Leased Premises, or any part thereof, may be encumbered by any mechanic's or other similar lien and if, whenever and as often as any mechanic's or other similar lien is filed against the Leased Premises, or any part thereof, purporting to be for or on account of any labor done or materials or services furnished in connection with any work in, on or about the Leased Premises done by, for or under the authority of the City, the City shall discharge the same of record within 30 days after the date of filing. Notice is hereby given that the Authority does not authorize or consent to and shall not be liable for any labor or materials furnished and that no mechanic's or similar lien for any such labor,

services or materials shall attach to or affect the fee, reversionary, leasehold or other estate of the Authority in and to the Leased Premises or any part thereof.

The City, notwithstanding the above, shall have the right to contest any such mechanic's or other similar lien.

Section 8.05 Power to Perform Obligations. The City covenants and represents that it is a municipal corporation under the laws of the Commonwealth with full power and legal right to enter into this Lease and perform its obligations hereunder. The making and performance of this Lease on the City's part have been duly authorized by all necessary action and will not conflict with or constitute a breach of or default under its Home Rule Charter, the Constitution of the United States or the Commonwealth, any law of the United States or the Commonwealth or the City, or any bond, contract, indenture, agreement or any other instrument by which the City or its property is bound.

Section 8.06 Inspection. The City covenants that the Authority, by its duly authorized representatives, at reasonable times, may inspect any part of the Leased Premises.

Section 8.07 Additional Information. The City agrees, whenever requested by the Authority [or any Bond Insurer], to provide and certify or cause to be provided and certified such information concerning the Leased Premises, the City, the finances of the City, and other topics as the Authority [or the Bond Insurer] reasonably considers desirable to its evaluation of the City or the Authority considers necessary to enable the completion and publication of one or more official statements relating to the Bonds at the time when the Bonds are to be offered for sale, to enable counsel to issue their respective opinions and otherwise advise the Authority as to the transaction or the capacity of the parties to enter into the same, or to enable it to make any reports or supply any information required under the provisions of the Indenture, law, governmental regulation or otherwise.

Section 8.08 Termination; Possession. Upon termination hereof, or upon termination of all rights of the City hereunder, either by reason of default or expiration of the term, the City covenants that it will deliver up peaceable possession of the Leased Premises, without delay, in case of such termination, upon demand made by the Authority or, in case of such default, upon demand made by the Authority or the Trustee, in good repair and operating condition, excepting reasonable wear and tear and damage, injury or destruction by fire or other casualty which, under terms hereof, shall not have been repaired, reconstructed or replaced.

Section 8.09 Investments and Use to Comply with the Code. The City and the Authority each covenants that it will neither make nor instruct the Trustee to make any investment or other use of the proceeds of the Bonds or any other Obligation intended by its terms to be tax-exempt which would cause such Bonds or Obligations to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code, and all applicable regulations promulgated with respect thereto and that it will comply with the requirements of the Code and applicable regulations throughout the term of the Bonds or Obligations so that the interest on the Bonds or Obligations shall be excluded from gross income of the owners thereof for federal income tax purposes. The City covenants that it will not use or permit the use of the Leased Premises in such a manner as would result, or allow the use of the Leased Premises by any entity whose use

thereof would result, in the loss of the exclusion of interest on the Bonds or any other Obligation intended by its terms to be tax-exempt from gross income of the owners thereof for federal tax purposes.

The City further covenants that it will furnish the Authority with any information required by the Authority in order to calculate the amount of rebate payable to the United States Treasury under the Code pursuant to Section 7.16 of the Indenture.

Section 8.10 Acceptance of Title. The City agrees that it will accept a deed to the Leased Premises when delivered by the Authority at any time after the termination of this Lease.

Section 8.11 Purchase Option on Termination. The Authority hereby grants to the City an option to purchase the Leased Premises upon (i) the expiration of the term of this Lease or (ii) the termination of this Lease pursuant to Section 5.07. The City may exercise this purchase option upon thirty (30) days notice by the City to the Authority prior to the applicable date above. The purchase price for the Leased Premises shall be Ten (\$10.00) Dollars which shall be paid by the City to the Authority at the time of delivery by the Authority to the City of an appropriate deed to the Leased Premises on a date of settlement and at a place to be mutually agreed upon by the Authority and the City.

Section 8.12 Partial Transfers and Releases. The Authority may transfer title to or at the direction of the City of any portion of the Leased Premises not required for the operations of the New Youth Center Facility by the City, upon written request by the City and the amendment of Exhibit A to this Lease reflecting the release of such real estate.

(b) Notwithstanding anything in this Section to the contrary, there shall be no release of any portion of the Leased Premises unless the Authority, the City and the Trustee receive an opinion from Bond Counsel to the effect that the release or transfer to the City or third party will not cause the interest on any Bonds or any other Obligation intended by its terms to be tax-exempt to be included in the gross income of the owners of such Bonds for federal income tax purposes.

Section 8.13 Standard City Provisions. To the extent applicable to the Authority under this Agreement, the Authority shall abide by the provisions of the Standard City Provisions which are set forth in Exhibit C.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.01 Events of Default. The following events shall constitute events of default (herein called “Events of Default”) hereunder:

(a) the City fails to make any payment required by Section 5.01 hereof or by the Indenture when the same shall become due and payable and if such failure continues for two Business Days thereafter; or

(b) the City fails to perform any of its other covenants or conditions or fails to perform any of its obligations hereunder, and such failure continues for 45 days after the Authority or the Trustee gives the City written notice thereof; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 45-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the City shall commence such performance within such 45-day period and shall diligently and continuously prosecute the same to completion; or

(c) if the City files or has filed against it a petition of bankruptcy or for arrangement or for reorganization pursuant to the Federal Bankruptcy Act or other similar laws, Federal or state, or if, by the decree of a court of competent jurisdiction, the City is adjudicated bankrupt or declared insolvent, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally when or as they become due, or consents to the appointment of a trustee, receiver or liquidator of all or any part of the Leased Premises, provided that, if any such proceeding is commenced by a person other than the City, there shall be no Event of Default if such proceedings are dismissed within 90 days of the filing of initial pleadings therein; or

(d) the Seller exercises the Purchase Option;

then and at any time thereafter while such Event of Default is continuing, in addition to the Authority's other remedies at law or equity or provided for in this Lease, the Authority may, by written notice to the City specifying the Event of Default, terminate this Lease with the written approval of [the Bond Insurer, if it is not in default in its payment obligations under the Bond Insurance Policy, or] the Registered Owners of at least 66- $\frac{2}{3}$ % of the Bonds then outstanding.

Section 9.02 Termination on Default. If this Lease is terminated under Section 9.01,

(a) such termination shall not relieve the City of previously accrued obligations under the Lease; and

(b) the City shall peaceably surrender the Leased Premises; and

(c) the Authority may relet any or all of the Leased Premises on such terms as it elects, but the Authority shall not be liable for any failure to relet or to collect any rent due upon reletting; and

(d) the City shall pay to the Authority on the dates on which payments required hereunder or under the Indenture would have been payable, amounts equal to such installments less the net proceeds of any reletting effected under (c) above.

Additionally, it is understood that in determining "net proceeds" the Authority shall deduct from all sums collected amounts equal to all charges, expenses or commissions reasonably incurred in collecting such sums and/or operating and administering the Leased Premises.

Section 9.03 Remedies. In case of any court proceeding initiated by the Authority:

(1) to foreclose or terminate the estate or interest of the City, based upon a default hereunder (if the Authority shall elect so to proceed); or

(2) wherein appointment of a receiver may be permissible, the Authority, as a matter of right and immediately upon institution of each proceeding, upon written notice to the City, the Trustee [and the Bond Insurer], shall be entitled to the appointment of a receiver of the Leased Premises, with such powers as the court making such appointment can confer; subject, however, to limitations and restrictions of the Act.

Section 9.04 Delay Not To Constitute Waiver. The acceptance by the Authority or the Trustee of any rent or portion thereof at any time after the same becomes due shall not be considered a waiver of the right to enforce any remedy hereunder. As part of the consideration for the Lease, the City hereby waives any applicable exemption laws now or hereafter in force. No failure by either party to insist upon strict performance hereof or to exercise any remedy upon the occurrence of an Event of Default shall constitute a waiver of such default, or a waiver or modification of any provision hereof. Upon the occurrence of an Event of Default, the Authority may exercise any one or more of the remedies available to it separately or concurrently and as often as required to enforce the City's obligations. In addition to the other remedies provided herein, the Authority shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation by the City of any of the covenants, conditions or provisions hereof, or to a decree compelling specific performance of any of such covenants, conditions or provisions.

Section 9.05 Authority Right of Payments. With respect to any amounts payable by the City to the Authority hereunder, the Authority shall have, in addition to any other rights and remedies, the same rights and remedies as are provided by law or in equity and in this Lease, in the case of default by the City in the payment of rentals.

ARTICLE X

MISCELLANEOUS

Section 10.01 Knowledge of Indenture. The City acknowledges that it has received an executed copy of the Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it and further agrees that, as lessee hereunder, it will take all such actions as are required or contemplated of it under the Indenture to preserve and protect the rights of the Trustee[, of the Bond Insurer] and of the Bondholders thereunder and that it will not take any action which would cause a default thereunder or jeopardize such rights. The City hereby assumes and agrees to perform all of the covenants and other obligations of the Authority under the Indenture, including but not limited to those set forth in Article ___ of the Indenture, excepting only any approval or consents permitted or required to be given by the Authority thereunder, and those covenants or obligations the performance of which is within the power of the Authority but not of the City to perform.

Section 10.02 Additional Bonds; Supplemental Indenture. The Authority may issue Additional Bonds, from time to time, for purposes and in the manner provided in the Indenture; provided, however, that if in connection with the issuance of such Additional Bonds the Indenture shall require an amendment or supplement to this Lease to be executed, such Additional Bonds shall be issued only at the request and with the prior written consent of the City and only after approval of such issues of Additional Bonds by ordinance of City Council. If the Authority shall issue such Additional Bonds, the City, upon request of the Authority, covenants to take such action as may be required under the Indenture. Any supplemental lease and rentals thereunder may be pledged under the Indenture or any supplemental Indenture.

Section 10.03 Authority Audits. The Authority shall furnish to the City a copy of each annual statement relating to the Leased Premises prepared by its Certified Public Accountant, and, if requested, shall permit any duly authorized representative of the City to make reasonable examinations of its accounts and records relating to the Leased Premises and the Indenture.

Section 10.04 After-Acquired Property. The Authority and the City agree that all repairs, renewals, replacements, improvements, additions and extensions and Capital Additions or property in the nature thereof, which shall be made or acquired by the Authority or the City during the term hereof in connection with the Leased Premises forthwith shall become part of the estate of the Authority in the Leased Premises; and the City agrees to execute such instruments as may be required, from time to time, by the Authority to effect the foregoing.

Section 10.05 Improvements by City. If the Authority shall fail to provide funds, in accordance with Section 7.02, to meet a request of the City under Section 7.01, or if the City shall determine to provide the required funds without making such a request, the City may use any lawful means available to provide such funds.

Section 10.06 Payment by Authority of City Obligations. If the City at any time fails to pay any taxes or other impositions payable by it in accordance with Section 5.02 hereof, or to take out, pay for, maintain or deliver any of the bonds or surety policies or insurance policies provided for in Article III, or Article VI, or shall fail, within the time provided for in Article IX after the notice therein specified of any Event of Default, as therein defined, has been given thereunder, to make any other payment or perform any other act on its part to be made or performed, then the Authority may, but shall not be obligated so to do, and without further notice to or demand upon the City and without waiving or releasing the City from any of its obligations in this Lease contained, (a) pay any taxes or other impositions payable by the City in accordance with Section 5.02 hereof, (b) take out, pay for and maintain any insurance or bonds provided for in Article III, or Article VI, or (c) make any other payment or perform any other act on the City's part to be made or performed as provided in this Lease. All sums so paid by the Authority and all necessary incidental costs and expenses in connection with the performance of any such act by the Authority shall be payable to the Authority, on demand or at the option of the Authority may be added to any installment of rent then due or thereafter becoming due under this Lease, and the City covenants to pay any such sums.

Section 10.07 Illegal Provisions Disregarded. If any term or provision hereof or the application thereof for any reason or circumstances shall to any extent be held to be invalid

or unenforceable, the remaining provisions or the application of such term or provision to persons other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision hereof shall be valid and enforceable to the fullest extent permitted by law.

Section 10.08 No Personal Recourse; Indemnification of Authority. In the exercise of the power of the Authority and its members, officers, employees and agents hereunder including (without limiting the foregoing) the application of moneys, the investment of funds and the letting or other disposition of the Leased Premises in the event of default by the City, neither the Authority nor its members, officers, employees, or agents shall be accountable to the City for any action taken or omitted by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred. The Authority and such persons shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the City for any claims based hereon or on the Indenture against any member, officer, employee or agent of the Authority alleging personal liability on the part of such person unless such claims are based upon the bad faith, fraud or deceit of such person.

To the extent permitted by applicable law, the City hereby indemnifies and holds harmless the Authority and each member, officer, and employee of the Authority against any and all claims, losses, damages or liabilities, joint and several, to which the Authority or any member, officer or employee of the Authority may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of the Project, the Leased Premises or this Lease or are based upon any other alleged act or omission in connection with the Project, the Leased Premises or this Lease by the Authority unless the losses, damages or liabilities arise from an adjudication of bad faith, fraud or deceit of the member, officer or employee of the Authority. In the event any claim is made or action brought against the Authority, or any member, officer, or employee of the Authority, the Authority may direct the City to assume the defense of the claim and any action brought thereon and pay all reasonable expenses incurred therein; or the Authority may assume the defense of any such claim or action, the reasonable costs of which shall be paid in the same manner as other Administrative Expenses of the Authority; provided, however, that counsel selected by the Authority to conduct such defense shall be approved by the City, which approval shall not be unreasonably withheld, and further provided that the City may engage its own counsel to participate in the defense of any such action. The defense of any such claim shall include the taking of all actions necessary or appropriate thereto.

The Bonds and other Obligations issued or secured pursuant to the Indenture shall be limited obligations of the Authority payable from the rentals due hereunder and as otherwise provided in the Indenture.

Section 10.09 References to Statutes or Regulations. A reference herein to a statute or to a regulation issued by a governmental agency includes the statute or regulation in force as of the date hereof, together with all amendments and supplements thereto and any statute or regulation substituted for such statute or regulations, unless the specific language or the

context of the reference herein clearly includes only the statute or regulation in force as of the date hereof.

A reference herein to a governmental agency, department, board, commission or other public body or to a public officer includes an entity or officer which or who succeeds to substantially the same functions as those performed by such public body or officer as of the date hereof, unless the specific language or the context of the reference herein clearly includes only such public body or public officer as of the date hereof.

Section 10.10 Governing Law. Laws of the Commonwealth shall govern construction hereof.

Section 10.11 Amendments. The parties hereto from time to time may enter into any amendments hereto (which thereafter shall form a part hereof) as shall not adversely affect the rights of or the security of the Bondholders and the holders of other Obligations, only for the following purposes:

(a) in connection with the issuance of Additional Bonds or other Obligations; or

(b) to cure any ambiguity, defect or omission herein or in any amendment hereto; or

(c) to reflect a change in applicable law; or

(d) to add to the covenants and agreements of the City herein contained, or to surrender any right or power herein reserved to or conferred upon the City which shall not impair the security hereof or adversely affect the rights of the Bondholders under the Indenture; provided that such amendments shall be approved by resolution of City Council.

All other amendments must be approved by the Trustee and, if the Indenture must be amended with Bondholders' consent or the consent of the holders of any other Obligations, by a Qualified Majority of the Registered Owners in the same manner and to the same extent as is set forth in Sections ____ and ____ of the Indenture [or with the consent of the Bond Insurer, if authorized by the Indenture to consent on behalf of the Registered Owners]; provided that such amendments shall be approved by resolution of City Council.

Section 10.12 Notices. All notices required or authorized to be given by the City, the Authority, [the Bond Insurer,] the Bank or the Trustee pursuant to this Lease shall be in writing and shall be sent by registered or certified mail, postage prepaid to the following addresses:

to the City to:

1330 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102
Attention: Director of Finance

790 City Hall
Philadelphia, Pennsylvania 19107
Attention: Commissioner of Public Property

One Parkway Building
1515 Arch Street
17th Floor
Philadelphia, PA 19102
Attention: City Solicitor

to the Authority to:

One Parkway Building
1515 Arch Street
9th Floor
Philadelphia, PA 19102
Attention: Executive Director

[to the Bond Insurer to:]

to the Trustee to:

[Trustee]
[Address]

or to such other addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof given as set forth above. Each of the above agrees that it shall send a duplicate copy or executed copy of all certificates, notices, correspondence or other data and materials sent one of the above to both other parties.

Section 10.13 Counterparts. This Lease may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 10.14 Headings. Headings are for convenience of reference only and shall not affect the interpretation of the Lease.

Section 10.15 Recording. Either party may record this Lease or a memorandum thereof.

IN WITNESS WHEREOF, THE PHILADELPHIA MUNICIPAL AUTHORITY has caused this Lease to be executed in its name and in its behalf by its Chairman or Vice Chairman and its official seal to be affixed hereunto and attested by its Secretary, and the CITY OF PHILADELPHIA has caused this Lease to be executed in its name and in its behalf by the Commissioner of Public Property and approved by the Director of Finance and the City Solicitor, all as of the day and year first above written.

[CORPORATE SEAL]

THE PHILADELPHIA MUNICIPAL
AUTHORITY

Attest: _____
Secretary

BY _____
(Vice) Chairman

CITY OF PHILADELPHIA

By _____
Commissioner of Public Property

Approved:

Director of Finance

City Solicitor

EXHIBIT A

Attached to and made a part of a
Lease dated as of [Dated Date], 2005
CITY OF PHILADELPHIA, as Lessee and
THE PHILADELPHIA MUNICIPAL AUTHORITY, as Lessor
DESCRIPTION

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS that THE PHILADELPHIA MUNICIPAL AUTHORITY (the "Authority"), pursuant to a Resolution of its Board heretofore duly adopted, does hereby irrevocably sell, assign, transfer and set over to [Trustee], [a national banking association, organized and existing under the laws of the United States of America, having a corporate trust office in Philadelphia, Pennsylvania], as Trustee under the Trust Indenture dated as of [Dated Date], 2008 (the "Indenture") of the Authority, or its successors or assigns, for value, all the right, title and interest of the Authority in and to the Lease dated as of [Dated Date], 2008, between the Authority and the City of Philadelphia, as well as all fixed rentals and other payments payable or which may become payable thereunder and all security therefor (except for amounts representing the Authority's Administrative Expenses as defined therein, indemnification rights of the Authority under Section 10.08 of the Lease, and the obligations of the Authority under the Lease), the same to be held in trust and applied by said Trustee as provided in said Indenture; and the Authority does hereby constitute and appoint Trustee as aforesaid, its true and lawful attorney for it and in its name to collect and receive payment of any and all of said fixed rentals and other payments and to give good and sufficient receipts therefor, hereby ratifying and confirming all that said attorney may do in the premises. The Trustee may, but, except as otherwise provided in said Indenture shall not be required to, institute any proceedings or take any action in its name or in the name of the Authority to enforce payment or collection of any or all of such rentals and contributions and payments on accounts of such rentals.

Notwithstanding such assignment and transfer, so long as the Authority shall not be in default under the Indenture:

(a) The Authority shall have the right and duty to give all approvals and consents permitted or required under the Lease;

(b) The Authority shall have the right to execute supplements and/or amendments to the Lease to the extent and in the manner permitted by the

Lease and by the Indenture; and

(c) There shall be no responsibility on the part of the Trustee for duties or responsibilities of the Authority contained in the Lease and in any supplements and/or amendments thereto.

IN WITNESS WHEREOF, THE PHILADELPHIA MUNICIPAL AUTHORITY has caused this Assignment to be duly executed in its name by its Chairman or Vice Chairman, and its corporate seal to be hereunto affixed, attested by its Secretary and this Assignment to be dated as of the ____ day of _____, 2005.

THE PHILADELPHIA MUNICIPAL
AUTHORITY

By _____
(Vice) Chairman

[SEAL]

ATTEST:

Secretary

EXHIBIT B

NEW YOUTH CENTER FACILITY

EXHIBIT C
STANDARD CITY PROVISIONS

Audit of Affairs

During the term of this Agreement, the City Controller shall have the right to audit the affairs of the Authority to the extent required under Section 6-400 of the Home Rule Charter. In order to facilitate such an audit, upon prior reasonable notice, the Authority must provide the Controller with reasonable access to the Authority's books and financial records.

Fair Practices

Authority agrees, in performing this Agreement, to comply with the provisions of the Fair Practices Ordinance of The Philadelphia Code (Chapter 9-1100) and the Mayor's Executive Order No. 4-86, as they may be amended from time to time, both of which prohibit, inter alia, discrimination against persons with AIDS in employment and services.

Labor-Management Relationships

The Authority, in the procurement of all building or construction work for compensation that exceeds twenty-five thousand dollars (\$25,000), including repair, alteration and remodeling done on behalf of the Authority under a contract awarded by the Authority; and all offsite fabrication of sheet metal ducts or similar sheet metal products for heating, ventilating, and air-conditioning systems produced as non standard items for such work; and all other non-professional service contracts with the Authority for compensation that exceeds two hundred thousand dollars (\$200,000) purchased pursuant to such contract, lease, grant, condition or other agreement with the City, to abide by the provisions of Section 17-107(2) of the Philadelphia Code, as if such procurement were for City-Work. The City may waive the requirements of subsection 17-107(2) if the Procurement Commissioner certifies that applying said prohibition

may result in the loss of federal, state or similar funds or grants. The requirements of this paragraph and Section 17-107(2) of the Code shall not apply to any City funded or Authority funded housing rehabilitation or construction project that involves eight (8) or fewer housing units.

Nondiscrimination

This Agreement is entered into under the terms of the Philadelphia Home Rule Charter and in its performance, Authority shall not discriminate nor permit discrimination against any person because of race, color, sex, sexual orientation, religion, national origin or ancestry. In the event of such discrimination, the City may terminate this Agreement forthwith or exercise any other remedy provided to the City in this Agreement or at law or in equity. The foregoing shall not be construed to limit or restrict the City's right to terminate this Agreement as set forth in other sections of this Agreement.

(b) In accordance with Chapter 17-400 of The Philadelphia Code, Authority agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, or privileges or conditions of employment on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

(c) Authority agrees to include subparagraphs (a) and (b) of this Section, with appropriate adjustments for the identity of the parties, in all subcontracts which are entered into for work to be performed pursuant to this Agreement.

(d) Authority further agrees to cooperate with the Commission on Human Relations in any manner which the said Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code.

Philadelphia 21st Century Minimum Wage Standard

Authority will comply with the requirements of Section 17-1300 of the Philadelphia Code as they exist on the date when the Authority entered into this Agreement with the City or as they exist on the date when any amendment is executed to this Agreement. The Authority will promptly provide to the City documents and information verifying its compliance with the requirements of Section 17-1300. The Authority will notify its affected employees with regard to the wages that are required to be paid pursuant to this Section 17-1300.

Duties and Covenants Pursuant to 17-1400

Authority shall abide by the provisions of Section 17-1400 of the Philadelphia Code in awarding any contract(s) pursuant to this Agreement as though such contracts were directly subject to the provisions of Chapter 17-1400, except that the exception set forth at Subsection 17-1406(8) shall apply to the Authority as if the Authority were listed in that subsection.

Unless approved by the City to the contrary, any approvals required by Section 17-1400 of the Philadelphia Code to be performed by the City Solicitor shall be performed by Authority's General Counsel; any approvals required to be performed by the Director of Finance shall be performed by Authority's Chief Financial Officer; and any approvals required to be performed by the Mayor shall be performed by Authority's Executive Director.

Economic Opportunity Plan

During the construction of improvements on the Premised, Authority must comply with the Economic Opportunity Plan requirements of Section 17-1600 of the Philadelphia Code for

participation by Minority, Women and Disabled Business Enterprises and employment opportunities for minority, female and disabled persons.

Prohibited Gifts

Pursuant to Executive Order 002-04, no official or employee in the Executive and Administrative Branch of the City shall solicit or accept, directly or indirectly, anything of value, including any gift, gratuity, favor, entertainment or loan from any of the following sources:

- (1) A person seeking to obtain business from, or who has financial relations with, the City;
- (2) A person whose operations or activities are regulated or inspected by any City agency;
- (3) A person engaged, either as principal or attorney, in proceedings before any City agency or in court proceedings in which the City is an adverse party;
- (4) A person seeking legislative or administrative action by the City; or
- (5) A person whose interests may be substantially affected by the performance or nonperformance of the official's or employee's official duties.

Authority understands and agrees that if it offers anything of value to a City official or employee under circumstances where the receipt of such item would violate the provisions of this Executive Order shall be subject to sanctions with respect to future City contracts. Such sanctions may range from disqualification from participation in a particular contract to debarment, depending on the nature of the violation.

Certification of Non-Indebtedness

(a) Authority hereby certifies and represents to the City that Authority and Authority's parent company(ies) and subsidiary(ies), affiliate(s), if any, are not currently indebted to the City, and will not during the Term of this Agreement be indebted to the City, for or on account of any delinquent taxes (including, but not limited, to taxes collected by the City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established.

(b) Authority shall require all contractors and subcontractors performing Repairs and/or Alterations on the Premises or in connection with this Agreement to be bound by the following provision and Authority shall cooperate with the City in exercising the rights and remedies described below or otherwise available at law or in equity:

“Contractor (‘Contractor’) or Subcontractor (‘Subcontractor’) hereby certifies and represents that Contractor or Subcontractor, and Contractor or Subcontractor’s parent company(ies) and their subsidiary(ies), are not currently indebted to The City of Philadelphia (the “City”), and will not at any time during the Term of Authority’s Agreement, dated _____, 200__ with the City (the “Agreement”) be indebted to the City, for or on account of any delinquent taxes (including, but not limited to, taxes collected by the City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established.”

(c) Any breach or failure to conform to the aforesaid certifications shall constitute a default by the Authority and entitle the City to exercise any rights or remedies available to it under this Agreement, and at law and in equity.

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

On this, the ___ day of _____, 2005, before me undersigned, a notary public, personally appeared _____, who acknowledged that he is Commissioner of Public Property of the CITY OF PHILADELPHIA and that he, as such official, being authorized to do so, executed the foregoing Lease, for purposes therein contained, by signing the name of such municipal corporation by himself as such official.

IN WITNESS WHEREOF, I set my hand and official seal.

Notary Public

[SEAL]

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF PHILADELPHIA :

On this, the ___ day of _____, 2005, before me the undersigned, a notary public, personally appeared _____, who acknowledged that he is Chairman of THE PHILADELPHIA MUNICIPAL AUTHORITY and that he, as such officer, being authorized to do so, executed the foregoing Lease and Assignment, for purposes therein contained, by signing the name of such municipal authority by himself as such officer.

IN WITNESS WHEREOF, I set my hand and official seal.

Notary Public

[SEAL]