

Exhibit A
436 Walnut
Tax Increment Financing District

Project Plan

Introduction February 26, 2004
Public Hearing March 30, 2004

CONTENTS

EXECUTIVE SUMMARY

Part I Proposed Improvements

Part II Economic Analysis

(A) Fiscal Effect on the Municipal Tax Base

(B) Feasibility Study

Part III Project Costs

Part IV Method and Timing of Financing

Part V Site Maps

Part VI Related Code Changes

Part VII Non-Project Costs

Part VIII Relocation

Addendum:

- Statutory Requirements
- Finance Director's Statement
- Economic Opportunity Plan

Executive Summary

The Philadelphia Authority for Industrial Development (PAID) hereby submits this Project Plan to create the 436 Walnut Tax Increment Financing District ("District") in accordance with the Commonwealth of Pennsylvania Tax Increment Financing Act as amended (P.L. 465, approved July 11, 1990 and amended December 16, 1992, 53 P.S. 6930.1 *et seq.*). The objective of the District is to provide for the redevelopment of an underutilized and deteriorated building in Center City Philadelphia in order to retain the corporate headquarters functions of ACE INA Holdings, Inc. ("ACE INA") in the City of Philadelphia.

The District includes a 31,664 square foot irregular shaped property known as 436 Walnut Street. The District currently consists of an 8-story and 12-story brick office building with total improved area of approximately 365,000 square feet.

436 Walnut Associates, L.P. ("Seller"), a Limited Partnership which is an affiliate of Metro Development Company, owns 436 Walnut Street and has entered into an Agreement of Sale with Ace American Insurance Co. ("Developer"). The Developer will purchase the building for its affiliate, ACE INA, which is seeking to relocate from its current headquarters of Two Liberty Place. The Developer proposes to acquire and renovate 436 Walnut at a Total Project Cost of approximately \$74 million ("Project"). The TIF District will be effective immediately, with construction expected to commence in or about July 2004, and commencing for occupancy in or about January 2006.

The planned relocation is in response to corporate policy following the terrorist attacks of September 2001 in which ACE INA or any affiliated entities will no longer permit more than 800 employees at any "trophy" building location. To execute this policy ACE INA will divide its real estate requirement, relocating approximately 200 employees to a yet to be determined site in the City, and 800 employees as well as future growth of 150 employees to 436 Walnut Street, considered a "non-trophy" site. ACE INA has completed a cost analysis of several regional sites and has determined that purchase of 436 Walnut with this TIF benefit is the only option that can accommodate its needs within the City of Philadelphia. Therefore, the net impact of the proposed TIF District will be 800 retained and 150 new jobs. Without the TIF District, the net impact would be the loss of 800 existing and 150 future jobs. The separately located group of 200 employees will remain in the City of Philadelphia in both scenarios.

Of total Project costs of approximately \$74 million, \$52.5 million will be funded by the Developer, \$13 million by public loan and grant sources, and up to \$8.5 million will be secured by incremental tax revenues generated within the District. Incremental increases in Real Estate and Business Privilege taxes shall be pledged for repayment of the TIF Note over a 20-year term.

The Project is expected to create approximately 206 construction jobs, and retain and create 950 full-time equivalent permanent jobs. Market value of the District after improvements is estimated to be \$35 million, yielding an incremental increase in property value of \$17.4 million over current market value of \$17.6 million. District tax revenue is currently \$1.8 million, growing to \$4.0 million in the first full year of operation and \$99.4 million over twenty years based on Property, Use and Occupancy, Wage and Business Privilege taxes. Projections show that an estimated \$67.1 million will accrue to the City, \$17.5 million to the School District, and \$14.7 million to the TIF, which will be used to finance costs of the Project as authorized herein.

Part I, Proposed Improvements

The District includes a 31,664 square foot irregular shaped property known as 436 Walnut Street. The District currently consists of an 8-story and 12-story brick office building with total improved area of approximately 365,000 square feet.

436 Walnut Associates, L.P. ("Seller"), a Limited Partnership which is an affiliate of Metro Development Company, owns 436 Walnut Street and has entered into an Agreement of Sale with Ace American Insurance Co. ("Developer"). The Developer will purchase the building for its affiliate, ACE INA, which is seeking to relocate from its current headquarters of Two Liberty Place. The Developer proposes to acquire and renovate 436 Walnut at a Total Project Cost of approximately \$74 million ("Project"). The TIF District will be effective immediately, with construction expected to commence in or about July 2004, and commencing for occupancy in or about January 2006.

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased or decreased by up to 15% prior to settlement of the financing without amendment to the Project Plan, provided such increases are not funded by any public financing source. After settlement of the financing, no further amendment shall be required.

Part II, Economic Analysis

(A) Fiscal Effect on the Municipal Tax Base

Development of the Project will produce significant positive retained and new benefits to the City and School District of Philadelphia. The tax impact analysis is based on assumptions and methodology described below and is not intended as a maximum or minimum figure. The analysis includes the direct impact of the Property, Use and Occupancy, Wage and Business Privilege taxes.

Cost Benefit Analysis

The cost benefit analysis indicates whether the Project provides a net benefit to the City and School District within the TIF District based on the assumption that the existing use remains unchanged on average over the 20-year period if the Project is not completed.

ACE INA has completed a cost analysis of several regional sites and has determined that purchase of 436 Walnut with this TIF benefit is the only option that can accommodate its needs within the City of Philadelphia. Therefore, the net impact of the proposed TIF District will be 800 retained and 150 new jobs. Without the TIF District, the net impact would be the loss of 800 existing and 150 future jobs.

As currently occupied, the Project site will continue to generate taxes of approximately \$1.8 million per year initially and \$46.9 million over twenty years from within the District. Of this amount, \$36.5 would go to the City and \$10.4 million to the School District.

If the Project is completed, the City is estimated to collect \$67.1 million and the School District is estimated to collect \$17.5 million over twenty years even after subtracting TIF funds. Thus the Project represents a net gain within the TIF District of \$30.6 million to the City and \$7.1 million to the School District over the next twenty years, which will be lost if the TIF district is not approved.

Tax Revenues:

Tax revenue from the Project is estimated to be \$4.0 million in the first full year of operation and \$99.4 million over twenty years based on analysis of Property, Use and Occupancy, Wage and Business Privilege taxes. Of the taxes generated by the Project over 20 years, an estimated \$67.1 million will accrue to the City, \$17.5 million will accrue to the School District, and \$14.7 million will accrue to the Tax Increment Fund. Tax increments will be derived from Real Estate and Business Privilege Taxes as authorized herein (see Part IV). Tax projections are based on the following estimates:

- *Real Estate Tax.* Real Estate taxes utilize a base market value for real estate tax assessment purposes as the date of the District's creation of \$17.6 million and assumes the Board of Revision of Taxes will assess the improvements at \$35 million

taking into account construction costs and comparable properties. Incremental Real Estate taxes will be pledged for repayment of the TIF Loan.

- *Use & Occupancy Tax.* Use and Occupancy taxes assume that site is currently approximately 50% occupied and that 100% of the facility will produce Use and Occupancy taxes once the Project is operational. Use & Occupancy taxes will NOT be pledged for repayment of the TIF Loan.
- *Business Privilege Tax.* Business Privilege Tax projections are based on projections provided by the Developer. All incremental Business Privilege taxes will be pledged for repayment of the TIF Loan (see Part IV).
- *Wage Tax.* Wage taxes assume the Project will employ approximately 800 persons on a full time equivalent basis growing to 950 persons by 2010, with current average salaries of \$79,200 per year and annual increases of 2.5%. Wage taxes are calculated for the construction phase assuming that 50% of hard construction costs are applied to labor costs.

(B) Feasibility Analysis

Headquartered in Philadelphia, ACE INA Holdings, Inc. is the U.S.-based insurance organization that includes the U.S. and international property and casualty operations acquired from CIGNA Corporation on July 2, 1999. Insurance Company of North America (INA), the oldest member of ACE INA, was the first U.S.-based marine insurance company writing its first policy in 1792. Today, the ACE INA holding company oversees operations that span the globe. Almost three-quarters of the ACE Group's \$14.6 billion in gross premium written are generated by businesses that are part of ACE INA.

ACE INA is a leading provider of insurance and reinsurance including property and casualty, accident and health, financial products and risk management services to businesses and individuals through the following operating companies: ACE USA, ACE Westchester Specialty, ACE Canada, ACE European Group, ACE Far East, ACE Asia Pacific, ACE Latin America, and ACE Financial Solutions.

Tax Benefit Analysis for TIF

Actual revenues will vary according to market conditions

TIF Basis: All incremental real estate and business privilege taxes.
 TIF start: 7/1/2004 Assumed
 Construction start: 7/1/2004 Assumed
 Occupancy: 1/1/2006 Based on 1.5 year construction period

	<u>Current</u>	<u>Projected</u>	
BPT	\$ 27,785	\$ 100,000	Estimate from ACE.
Property Value	\$ 17,600,000	\$ 35,000,000	Base from BRT notice; improved value based on \$54.7 million acquisition, base building & fit-out.
Improved Area	324,214	324,214	Gross of 364,231 from Agreement of Sale, net rentable of 324,214.
Occupancy	50%	100%	Current tenant has 161,000 sq. ft.
	<u>Construction</u>	<u>Permanent</u>	
Employment	206	950	Projected jobs include 800 relocation + 150 growth
Average Salary	\$ 42,000	\$ 79,200	Estimate from ACE.
Gross Wages	\$ 12,950,000	\$ 75,240,000	Construction wages = 50% of construction costs.

Rates:

Tax:	Rate:	Benefit:	
Property, U&O Taxes			
Assessment Ratio	32%		
Property: School Rate	4.790%	School/TIF	58.0%
Property: City Rate	3.474%	City/TIF	42.0%
Use & Occupancy	4.620%	School	
Total property tax rate, calculated against assessed value			
School property tax rate, calculated against assessed value			
Calculated against assessed value			
Business Privilege Tax			
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Gross Rate	0.2100%	City/TIF	0.1900%
			0.1750%
			0.1625%
			0.1500%
Wage Tax			
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Resident Rate	4.4625%	City	4.3323%
Non-Resident Rate	3.6801%	City	4.2948%
Percent Resident	24%	Estimate from ACE.	3.8475%
			3.8149%
			3.7823%
			3.7497%
			4.2198%
			4.1823%
			3.7171%
Wage tax rates expected to be certified by Revenue Commissioner.			
Wage taxes subject to change if wage tax revenue growth exceeds 3.5% annually and/or real estate tax revenue growth exceeds 2.0% annually.			

Source of Tax Revenue:

Fiscal Year	Property	U&O	BPT	Wage	Total
BASE	465,428	137,656	27,785	1,206,041	1,836,910
growth	2.50%	2.50%	2.50%	2.50%	
2005-construction	761,610	-	-	353,707	1,115,318
2006-occupancy 1/01	843,589	258,720	50,000	1,420,383	2,572,692
2007	925,568	530,376	100,000	2,468,696	4,024,640
2008	948,707	543,635	102,500	2,661,969	4,256,811
2009	972,425	557,226	105,063	2,795,681	4,430,394
2010	996,736	571,157	107,689	2,950,642	4,626,224
2011	1,021,654	585,436	110,381	3,024,408	4,741,879
2012	1,047,195	600,072	113,141	3,100,018	4,860,426
2013	1,073,375	615,074	115,969	3,177,519	4,981,937
2014	1,100,209	630,450	118,869	3,256,957	5,106,485
2015	1,127,715	646,212	121,840	3,338,381	5,234,147
2016	1,155,908	662,367	124,886	3,421,840	5,365,001
2017	1,184,805	678,926	128,008	3,507,386	5,499,126
2018	1,214,425	695,899	131,209	3,595,071	5,636,604
2019	1,244,786	713,297	134,489	3,684,948	5,777,519
2020	1,275,906	731,129	137,851	3,777,071	5,921,957
2021	1,307,803	749,407	141,297	3,871,498	6,070,006
2022	1,340,498	768,143	144,830	3,968,285	6,221,756
2023	1,374,011	787,346	148,451	4,067,493	6,377,300
2024	1,408,361	807,030	152,162	4,169,180	6,536,733
TOTAL	22,325,287	12,131,902	2,288,635	62,611,132	99,356,956

Use of Tax Revenue:

TIF	School	City	Total
-	407,429	1,429,482	1,836,910
268,397	269,773	577,148	1,115,318
400,376	528,493	1,643,824	2,572,692
532,355	800,149	2,692,136	4,024,640
557,994	813,408	2,885,409	4,256,811
584,274	826,999	3,019,121	4,430,394
611,211	840,930	3,174,083	4,626,224
638,822	855,209	3,247,849	4,741,879
667,123	869,845	3,323,459	4,860,426
696,131	884,846	3,400,959	4,981,937
725,865	900,223	3,480,397	5,106,485
756,342	915,984	3,561,821	5,234,147
787,580	932,140	3,645,281	5,365,001
819,600	948,699	3,730,827	5,499,126
852,421	965,672	3,818,511	5,636,604
886,061	983,070	3,908,388	5,777,519
920,543	1,000,902	4,000,512	5,921,957
955,887	1,019,180	4,094,939	6,070,006
992,115	1,037,915	4,191,726	6,221,756
1,029,248	1,057,119	4,290,933	6,377,300
1,067,310	1,076,803	4,392,621	6,536,733
14,749,653	17,527,358	67,079,945	99,356,956

Notes:

Construction wages reflect 1.5 years of build-out during 2005 and 6 months of 2006, and assume 60% residency.
 Base U&O, BPT and Wage Tax reflect data provided by the Revenue Department for calendar year 2003.
 Permanent employment wages reflect retention of 800 jobs and growth of 50 jobs per year from 2008-2010 for 150 new jobs.
 Of the \$62.6 million in wage tax revenues, approximately \$9.3 million are new wage tax revenues from the 150 new jobs.

Part III, Project Costs

- (A) *Initial Project Costs:* Initial Project Costs estimated to be \$74 million include acquisition, base building improvement and fit-out costs of \$54.7 million, furniture, fixtures and equipment costs of \$17.9 million, and professional and financing costs of \$1.5 million (see "Initial Project Costs," attached).

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased or decreased by up to 15% prior to settlement of the financing without amendment to the Project Plan, provided such increases are not funded by any public financing source. After settlement of the financing, no further amendment shall be required.

- (B) *Eligible Project Costs:* Proceeds of a TIF Note issued by PAID and secured by projected tax increments authorized under this Project Plan will be used to fund Initial Project Costs. Tax increments authorized pursuant to this Plan will be applied to repayment of the TIF Note including payment of principal, interest, reimbursement of principal and interest payments advanced by the Developer or its affiliate and any financing fees, interest, or penalties due thereon, which together shall constitute Eligible Project Costs for purposes of the TIF Act ("Eligible Project Costs").

Initial Project Costs

LINE ITEM

CAPITAL COSTS

Acquisition and base building improvements	40,500,000
Fit-out	14,200,000
Furniture, fixtures & equipment	17,900,000
	<u>72,600,000</u>

PROFESSIONAL & FINANCING COSTS

1,450,000

TOTAL PROJECT

\$ 74,050,000

Part IV, Method and Timing of Financing

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased or decreased by up to 15% prior to settlement of the financing without amendment to the Project Plan, provided such increases are not funded by any public financing source. After settlement of the financing, no further amendment shall be required.

- (A) *Sources of Funds:* Construction financing will be funded by a TIF Note(s) of up to \$8.5 million and the Developer's private debt and equity of \$52.5 million. The Developer is also seeking public funding for the project in the amount of \$13 million, of which \$10 million may be loans. The TIF creation date will be effective immediately with construction projected to commence on or about July 1, 2004 and be completed for occupancy on or about January 1, 2006.
- *Private Debt and Equity:* It is expected that the Developer will obtain \$52.5 million in debt and equity financing with terms and mix dependent on market conditions.
 - *TIF Loan:* It is expected that Developer will obtain funding for a TIF note of up to \$8.5 million to be repaid by incremental increases in taxes as authorized below. The interest rate on the TIF note may not exceed 12% per annum.
 - *Public Funding:* The City and Commonwealth have offered grants or soft loans of \$1.5 million each for a total of \$3 million. Developer is seeking additional loans from the Commonwealth of Pennsylvania in an amount up to \$10 million.
- (B) *Authorized Tax Increments:* Incremental increases in Real Estate and Business Privilege Taxes are hereby authorized to fund Eligible Project Costs as described below ("Tax Increments").
1. Real Estate taxes:
 - a) *Base:* All real estate tax revenue collected each year during the term of the District up to the amount of the Real Estate Tax Base, which amount shall be determined by the Philadelphia Board of Revision of Taxes based on the assessed value of all land and improvements in the District as of the District's creation date, shall constitute the Real Estate Tax Base and each year shall inure to the benefit of the City and School District in accordance with the Act.
 - b) *Increment:* The Real Estate Tax Increment shall mean all incremental increases in real estate tax revenue over the Real Estate Tax Base collected each year until termination of the District. The Real Estate Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance

with the Act. Such Real Estate Tax Increment may result either from an increased assessment of the Project or increased millage rate.

2. Business Privilege taxes:

a) *Base*: All Business Privilege tax revenue collected each year during the term of the District up to the Business Privilege Tax Base, which amount shall be determined by the Philadelphia Finance Director based on taxable business revenue in the District as of the District's creation date, shall constitute the Business Privilege Tax Base and each year shall inure to the benefit of the City in accordance with the Act.

b) *Increment*: The Business Privilege Tax Increment shall mean all incremental increases in business privilege tax revenue over the Business Privilege Tax Base collected each year until termination of the District. The Business Privilege Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act.

(C) *Additional Tax Increments*: Tax Increments which are authorized above but not required to pay debt service on the TIF Note may be applied to prepayment of principal on the TIF Note (subject to lender's prepayment restrictions) and to reimbursement of debt service on the TIF Note paid by a guarantor of the TIF Note including interest thereon. Tax Increments not applied to payment of Eligible Project Costs including prepayments or reimbursements, if any, shall be returned to the City upon satisfaction of the TIF Note.

(D) *Substitute TIF Loan*: The TIF Note may be refunded at any time up to the principal balance of the loan at the time of such refunding ("Substitute Loan"), and Tax Increments authorized herein may be applied towards repayment of the Substitute Loan so long as the terms of the Substitute Loan do not increase the debt service paid by Tax Increments for the initial TIF Note.

(E) *Clawback*: The objective of the District is to provide for the redevelopment of an underutilized and deteriorated building in Center City Philadelphia in order to retain the corporate headquarters functions of ACE INA in the City of Philadelphia. During the term of the TIF, should ACE INA employment decrease below 920 jobs on an annual, full-time equivalent, basis then Tax Increments as authorized herein for the next calendar year will be reduced. The reduced amount of Tax Increments due shall be equal to actual ACE INA employment in the City of Philadelphia calculated on a full-time equivalent basis divided by 920 and multiplied by the following year's Tax Increment.

Method & Timing of Financing

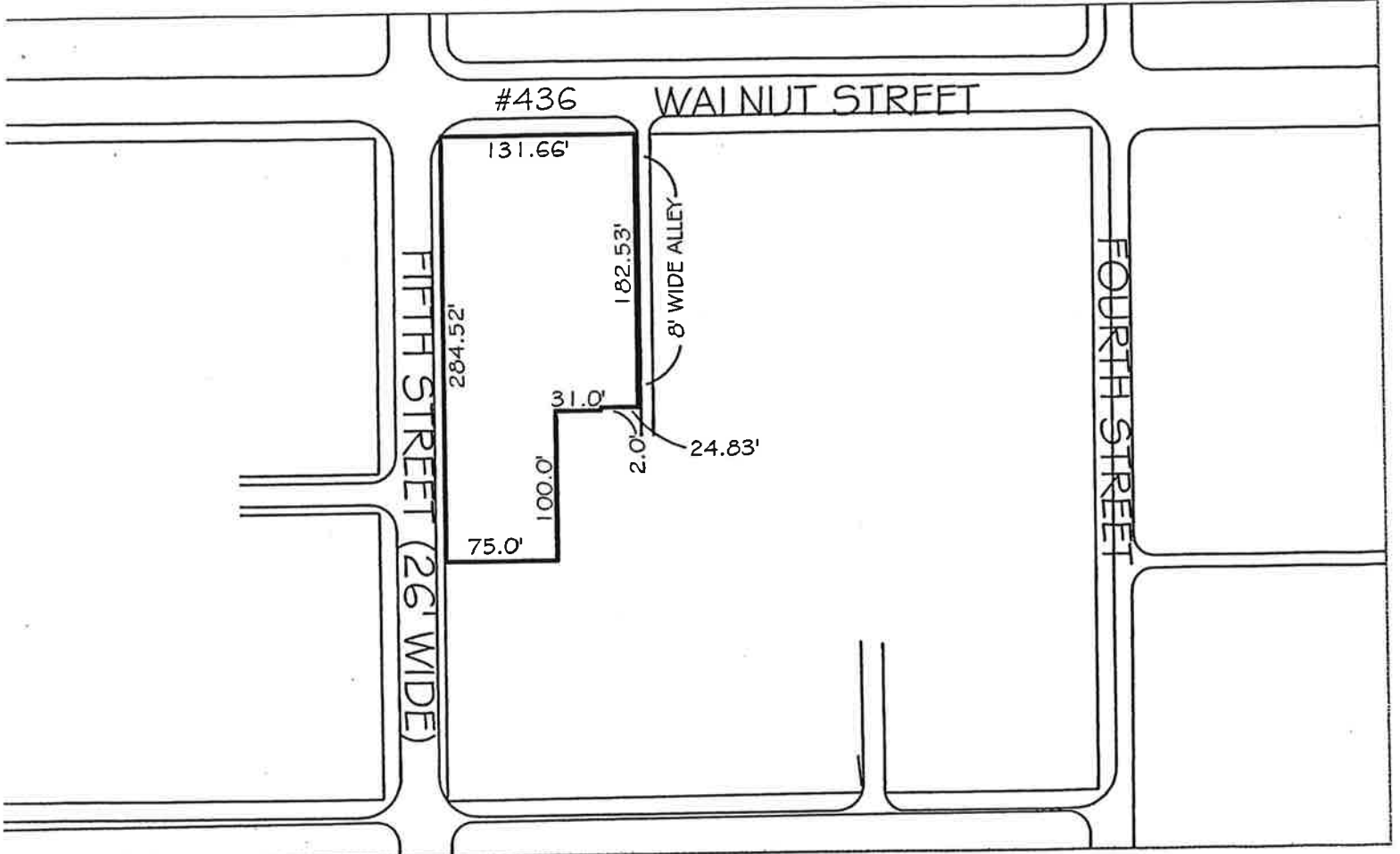
LINE ITEM:

PRIVATE FINANCING: (Including private equity and/or Debt)	\$ 52,550,000
TAX INCREMENT FINANCING	\$ 8,500,000
PUBLIC FUNDING	
City	\$ 1,500,000
Commonwealth	\$ 11,500,000
TOTAL PROJECT	<u>\$ 74,050,000</u>

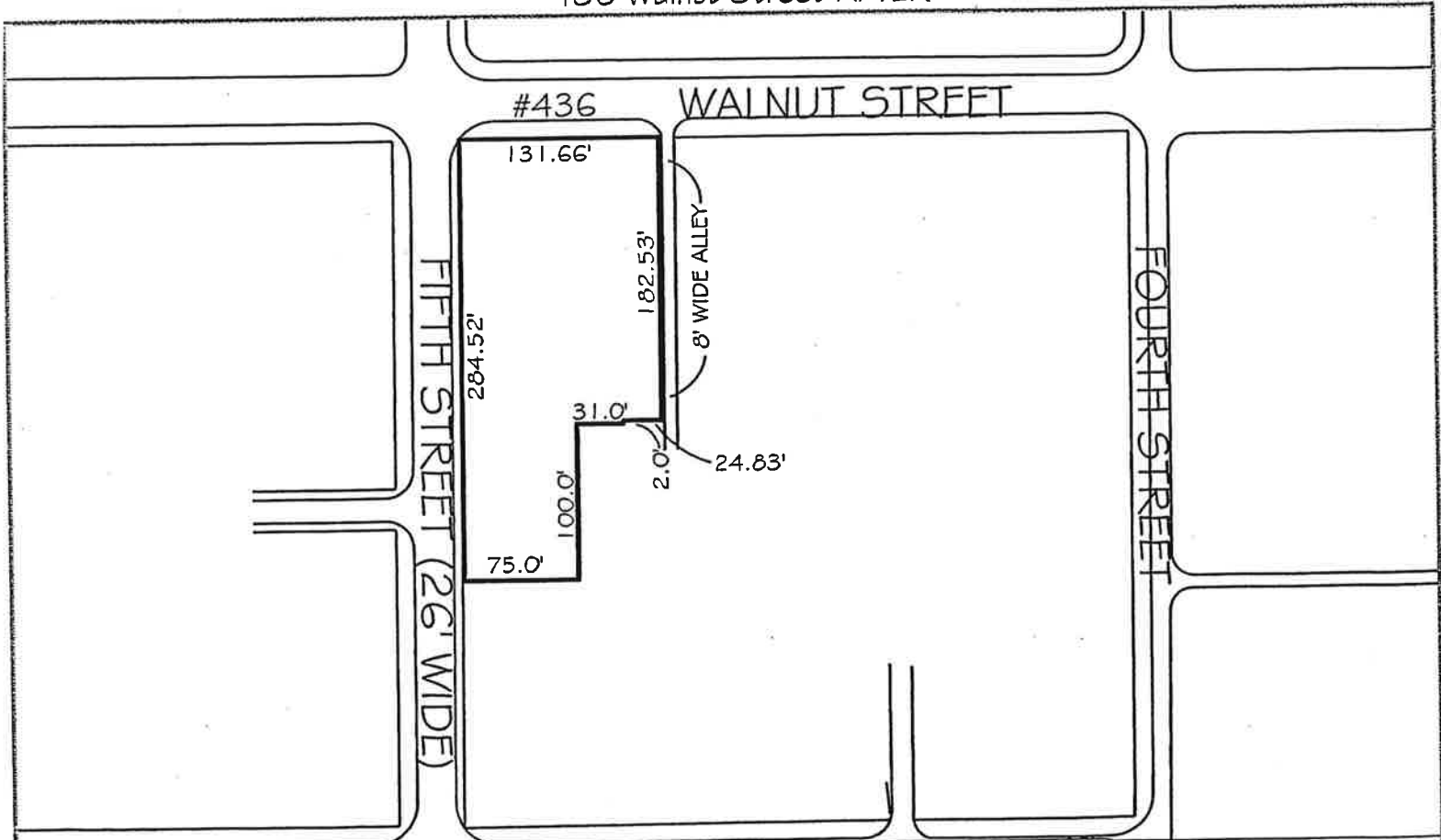
Part V, Site Maps

Following, please find site maps, which outline the District and depict the existing project site and proposed improvements.

436 Walnut Street BEFORE



436 Walnut Street AFTER



Part VI, Related Code Changes

There are no anticipated related code changes

Part VII, Non-Project Costs

There are no anticipated non-project costs.

Part VIII, Relocation

No relocation is anticipated during the project.

Addendum: Statutory Requirements

Per Chapter 21-1400 § 21-1403 of The Philadelphia Code:

- (1) All projections contained in the TIF District's Project Plan of tax revenues and jobs to be created by the TIF District are based on reasonable and appropriate assumptions and methods of estimation. All such assumptions and methods are consistently applied throughout the projections. Estimates of projected tax revenues are based on current or proposed tax rates, historical collection patterns and generally recognized econometric models.

- (2) There will be an Economic Opportunity Plan submitted for the TIF District, and the Economic Opportunity Plan will contain (i) a detailed statement by the developer that addresses the developer's good faith efforts to insure that (a) the maximum feasible number of any year-round, part-time or full-time jobs provided by the project to youth (persons under the age of twenty-one (21)) shall be provided to low and moderate income youth, and (b) in order to meet these goals, the project shall utilize the services of the School District of Philadelphia, the Archdiocese of Philadelphia, the Greater Philadelphia Urban Affairs Coalition, the Urban League of Philadelphia, the Philadelphia Workforce Development Corporation or any related entities, or training apprenticeship programs such as the Philadelphia Housing Authority's Working Together for Jobs Agreement, the TOP/WIN program, the Congreso de Latinos Unidos Apprenticeship Prep of Trades APTitude program, YouthBuild Philadelphia, or other similar Programs; and (ii) a preliminary implementation plan for such youth employment goals. In addition, the Economic Opportunity Plan will contain a detailed statement by the developer that addresses the developer's good faith efforts to insure that the project shall provide for significant contracting, construction and job opportunities, including without limitation, goods, services and equipment, to minority female and disabled business enterprises and individuals, and a preliminary implementation plan for these employment goals.



CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF FINANCE
1401 John F. Kennedy Blvd.
Room 1330, Municipal Services Bldg.
Philadelphia, Pennsylvania 19102-1693
(215) 686-6140
FAX (215) 568-1947

JANICE D. DAVIS
Secretary of Financial
Oversight and
Director of Finance

February 24, 2004

STATEMENT OF REVIEW OF ESTIMATES

To President Anna C. Verna and Members of City Council:

We have reviewed the Project Plan for the 436 Walnut Street Tax Increment Financing (TIF) District. Specifically, we have reviewed the assumptions, estimation methods, and calculations in the Tax Benefit Analysis schedule.

Our review has found that all projections contained in the TIF District's project plan of tax revenues to be generated and jobs to be created by the TIF District are based on reasonable and appropriate assumptions and methods of estimation. All such assumptions and methods are consistently applied throughout the projections. Estimates of projected tax revenues are based on current or projected tax rates, are consistent with historical collection patterns, and are not overstated in comparison with results obtained from a generally recognized econometric model.

The assumptions are based on critical project descriptions. These descriptions, which include the project completion date as well as the expansion plans of the corporate tenant, were not included in our review.

It should also be noted that the Sources and Uses of Tax Revenues, as presented in the Tax Benefit Analysis schedule, are calculated for the specified TIF district in separation from the City as whole. Accordingly, as footnoted in the Tax Benefit Analysis, approximately 80% of the estimated wage taxes from the TIF district are related to wage taxes that are currently collected from another location in the City.

Janice D. Davis
Secretary of Financial Oversight and Director of Finance

Economic Opportunity Plan

INTRODUCTION

Scope

ACE American Insurance Company (“Developer”) is submitting this Economic Opportunity Plan in connection with the redevelopment of the property and improvements located thereon being situate at 436 Walnut Street, Philadelphia, PA (the “Project”). Developer is committed and determined to provide meaningful and substantial participation opportunities in the Project for Disadvantaged Minority-Owned Business Enterprises (“M-DBEs”), Women-Owned Business Enterprises (“W-DBEs”) and Disabled Persons-Owned Business Enterprises (“D-DBEs”) (collectively, “M/W/DS-DBEs”) and shall use its good faith and nondiscriminatory efforts to provide such opportunities. In doing so, the Developer has created an Economic Opportunity (“EO”) Plan for the Project. It is the purpose of this document to describe the Project’s EO Plan, except with respect to compliance requirements of the federal government and the Commonwealth of Pennsylvania that may require different applications of federal, state or local laws and/or rules or regulations regarding M/W/DS-DBEs.

Policy Statement

It is the policy of the Developer to provide minorities and women equal opportunities for participation in all aspects of the Project’s contracting and procurement programs. This includes, but is not limited to, the purchase of apparatus, supplies, materials, equipment, construction projects and service contracts consistent with federal, state and local laws. It is further the policy of Developer to prohibit discrimination on the basis of race, religion, color, sex, age, mental or physical disabilities, national origin or ancestry, sexual orientation, and marital or parental status. It is further the policy of Developer to conduct its construction, procurement and services contracting programs to prohibit and prevent such discrimination.

For the purposes of this Plan, the term “minority” means black (all persons having origins in any of the Black African racial groups); Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin); Asian and Pacific Island (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands); and American Indians (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

Program Objectives

1. To provide minorities and women equal opportunities for participation in the Project’s construction, service and procurement contracts.
2. To maintain or increase minority-owned business utilization.
3. To maintain or increase women-owned business utilization.
4. To maintain or increase disabled-owned business utilization.
5. To promote Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Disabled Business Enterprise (DBE) and/or small local business growth and profitability.
6. To comply with applicable federal, state and local governmental requirements related to

- MBE, WBE and DBE participation in construction, service and procurement contracts.
7. To monitor M/W/DS-DBE participation and M/W/DS-DBE compliance with applicable federal, state and local requirements.
 8. To evaluate and report contract activity subject to the provisions of the Project's EO Plan.

PART I – DESIGN AND CONSTRUCTION.

During construction, Developer will comply with Philadelphia City Council Ordinance 030125 and Executive Order No. 01-03 by requiring its construction manager and other contractors involved in the construction of the Project to make good faith efforts to utilize M/W/DS-DBE firms.

Employment Opportunities:

In support of federal and local policies that target economic benefits to low-income residents, Developer will also require its contractors to make a good faith effort to employ qualified Philadelphia residents. Developer will require that its construction manager and contractors involved in the construction of the Project make good faith and non-discriminatory efforts to employ minority and female persons in the construction workforce consistent with work-hour goals of 40% and 5%, respectively. Developer will ensure that these goals are included citywide in all construction contracts and will require its construction manager to reference these work-hour goals in all contracts, prime or subcontracts.

In support of local initiatives that target economic benefits to low-income persons and underemployed craftspersons, the Developer will require its contractors to make a good faith effort to maximize employment opportunities for apprentices and pre-apprentice craftspersons, consistent with established journeyman/apprentice ratios, with a participation goal of 25% minority and 10% female, respectively. The Developer will include these goals in all construction-related contracts and shall require its contractors to reference these goals in all their subcontracts.

Contract Opportunities:

Construction Management: Developer will make good faith and non-discriminatory efforts to engage a construction management team with at least 40% participation, with 25% by M-DBE and 15% by W-DBE. Developer shall use its good faith efforts to include language in the management contract with Construction Manager requiring that Construction Manager use its good faith and non-discriminatory efforts to provide opportunities for minority, female and disabled firms and to include as standard contract language in the management contract with Construction Manager all references to this EO Plan.

The Construction Manager shall use its good faith efforts to recruit MBE and WBE firms to increase their availability and bid activity in trades and services used by the Project. These outreach efforts may include, but shall not be limited to:

- Identifying certified firms in the Philadelphia area.
- Advising capable MBE and WBE firms that are not certified and make them aware of the City's certification program.
- Communicating information about the Project through community/business organizations, M/W/DS-DBE networks, memberships, advertisements, trade shows, newsletters, and other medians.
- Serving as an advocate for M/W/DS-DBE issues and concerns.
- Coordinating with other agencies, governmental entities, and M/W/DS-DBE service providers.

Architecture/Engineering/Design: Developer will make good faith and non-discriminatory efforts to engage a design team, including architects, engineers, and other design professionals, with the stated goals of not less than 28% participation by M-DBEs, and not less than 10% participation by W-DBEs and not less than 2% participation by DS-DBEs. These percentages for participation will be applied to the dollar value of the architecture, engineering and design contracts let by Developer, inclusive of change orders and scope adjustments.

Construction: Developer shall require that its Construction Manager and contractors make good faith and non-discriminatory efforts to provide contract opportunities for qualified and City certified M/W/DS-DBEs with the stated goals of 33% participation by M-DBEs, 10% participation by W-DBEs, and 2% participation of DS-DBEs. These percentages for participation will be applied to the total dollar value of all subcontracts let by Developer or its construction manager, inclusive of all change orders and scope adjustments.

Reporting and Project Performance:

After the commencement of Project operations, Developer (acting through its designated representative) will forward to MBEC, PIDC and the Office of the President of City Council quarterly reports of contracting and employment activities for the Project. Throughout the term of the project these reports will show contract award, commitments and contract closeouts and actual attainment.

During the bid and award process, Developer shall require contractors to submit for compliance review with bids, the standard MBEC Solicitation and Commitment Form (S&C Form) identifying anticipated compliance with Project goals and ranges called for under this EO Plan, including identifying the M/W/DS-DBE firms and proposed scope of services. After award, copies of all M/W/DS-DBE letters of award and notice to proceed shall be provided to MBEC. Material changes to awards and scope of services of M/W/DS-DBE contracts shall be furnished to MBEC in a timely manner as they are identified and occur with substantial reasons for same. Oversight Committee must be informed of contractor substitutions.

Outreach Efforts with Local Entities:

Developer shall undertake a number of local outreach efforts to maximize participation of local small businesses, minority and female owned businesses, and to achieve the goals/ranges

set forth herein. Developer shall require its construction manager to place M/W/DS-DBEs, which are certified by the City's Minority Business Enterprise Council ("MBEC"), on their solicitation lists used in connection with the Project, and use the services of MBEC as necessary. The Developer agrees to hold several open forums to invite potential prime contractors and City certified M/W/DS-DBEs to network concerning the upcoming construction activity.

Reporting and Project Performance:

Over the course of the estimated 17-month construction schedule, Developer will require its construction manager to maintain records and to file monthly business utilization employment and contracting status reports ("Reports") for construction activities related to the Project. Developer will forward these Reports to MBEC, PIDC and the President of City Council. Such Reports shall conform to a format to be reasonably prescribed by MBEC and will summarize the following:

- Utilization of M/W/D-DBE prime contractors and subcontractors and level of dollar commitments made with such businesses.
- Utilization of minorities and females during construction by all contractors in all trades of the Project.
- Contract services and materials to be bid and/or purchased.

Developer will establish and agree to participate in regular Oversight Committee meetings. Developer's contact person for the Project during construction will be provided to MBEC, the President of City Council, and PIDC prior to the start of the construction bidding process. Developer also agrees to engage a consultant/agency to assist in the monitoring and reporting of the Project. The Oversight Committee shall consist of President of City Council, Council Member at Large, MBEC, PIDC, AACC, HCC, Trade Representative, Developer, Construction Manager and Architect.

Development Budget:

For all construction bids, Developer will, no later than 30 days prior to soliciting any construction bids, submit to the monitoring consultant an estimated development budget for the construction costs to be directly incurred by Developer for the Project.

PART II – OPERATIONS.

Employment and Contract Opportunities:

As one of the largest property and casualty insurers in the United States, doing business in all 50 states, ACE is committed to equal employment opportunity and compliance with all laws and regulations pertaining to it. With a stated public policy, ACE provides employment, training, compensation, promotion, and other conditions or opportunities of employment, without regard to race, color, religion, age, sex, sexual orientation, national origin, disability, veteran or marital status, or any other characteristic protected by law.

Performance and qualifications are the only basis upon which ACE hires, assigns, promotes, compensates, develops and retains employees.

ACE maintains a forward thinking affirmative action plan committing time and resources to improving the representation of women and minorities at all employment levels where under representation exists. The company takes affirmative steps to prepare women and minority group members for advancement within the organization. ACE recognizes that commitment to equal employment opportunity goes beyond formal programs. Each employee has the right to be treated with dignity and respect for individual differences. Likewise, each employee makes an important contribution to a business environment in which equal opportunity is present for all.

ACE's policy on equal opportunity complies with the law and reflects its stated philosophies. Managers and supervisors are responsible for supporting all programs and practices designated to ensure the success of ACE's philosophy on equal employment.

PART III – COMPLIANCE AND ENFORCEMENT.

Notwithstanding the foregoing, Developer will comply with all applicable Federal, Commonwealth and local statutes, ordinances, executive orders, rules, and regulations.