

City of Philadelphia



(Bill No. 060692)

AN ORDINANCE

Authorizing and approving (i) the execution and delivery of a Service Agreement between the City of Philadelphia and the Philadelphia Authority for Industrial Development relating to a comprehensive program to improve and enhance the City of Philadelphia's cultural and commercial corridors for the benefit of the residents of the City of Philadelphia, (ii) the issuance by the Philadelphia Authority for Industrial Development of bonds, notes or other evidences of indebtedness in one or more series, to finance or refinance (for debt service savings) the costs of the cultural and commercial corridors program; and (iii) the obligation of the City of Philadelphia to pay in full when due the Service Fee and other amounts payable under the Service Agreement; authorizing certain City officers to take certain actions required to issue bonds, notes or other evidences of indebtedness; covenanting that the City of Philadelphia will make necessary appropriations in each of the City's fiscal years to provide for the Service Fee and other amounts due under the Service Agreement; and covenanting that the City of Philadelphia will make timely payments of the Service Fee and other amounts due under the Service Agreement; all under certain terms and conditions.

WHEREAS, The City of Philadelphia (the "City") and the Philadelphia Authority for Industrial Development ("PAID") have determined that PAID will, at the direction, and with the cooperation, of the City, undertake a comprehensive cultural and commercial corridors program for the improvement and enhancement of the cultural and commercial corridors in the City for the benefit of the residents of the City; and

WHEREAS, The City is authorized to enter into agreements with PAID respecting action to be taken by the City; to make such appropriations to PAID as are deemed necessary to assist PAID in carrying out its public purposes; and to designate PAID as the City's agent to perform any specified activity or to administer any specified program which the City is authorized by law to do, including, without limitation, redevelopment, renewal, rehabilitation, conservation, urban beautification and comprehensive programs in furtherance of the improvement and betterment of the City; and

WHEREAS, The Council of the City has, by this Ordinance, determined that it is in the best interests of the City to authorize and approve (i) the execution and delivery of a Service Agreement (the "Service Agreement") by and between the City and PAID; (ii) the issuance by PAID of bonds, notes or other evidences of indebtedness in such amount and for such purposes as described in Section 1 herein in one or more series, either as taxable or tax-exempt obligations, and (iii) the performance by the City of its obligation

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to pay in full when due the Service Fee (as defined in the Service Agreement) and other amounts payable under the Service Agreement; and

WHEREAS, The City is authorized to enter into the Service Agreement and to undertake the Program (as defined below); now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Council (the "Council") of the City of Philadelphia (the "City") hereby authorizes and approves: (i) the execution and delivery of a Service Agreement (the "Service Agreement"), substantially in the form of Exhibit A hereto, with the Philadelphia Authority for Industrial Development ("PAID"); (ii) the issuance from time to time by PAID of bonds, notes or other evidences of indebtedness (the "Obligations") in an aggregate principal amount not to exceed One Hundred Fifty Million Dollars (\$150,000,000) net of original issue discount, plus amounts necessary for any reserves, costs of credit or liquidity enhancement and financial derivatives products, and amounts necessary to effect any refunding, at any one time outstanding, in one or more series, either as taxable or tax-exempt obligations, to finance or refinance (for debt service savings) the costs of: improving and enhancing (a) the City's cultural corridors by providing funding to cultural institutions for capital improvements and other activities to improve the cultural corridors for the benefit of the residents of the City; and (b) the City's commercial corridors by providing funding for streetscapes; redevelopment projects; renovations; property acquisitions for redevelopment; technology equipment and upgrades; loan guarantees; demolition of blighted properties; and other activities to improve the commercial corridors for the benefit of the residents of the City, together with amounts necessary for any reserves, costs of issuance and costs of credit or liquidity enhancement and financial derivatives products, and amounts necessary to effect any refunding (collectively, the "Program"); and (iii) the performance by the City of its obligation to pay in full when due the Service Fee payable under the Service Agreement (the "Service Fee") and other amounts payable under the Service Agreement. The Program is further described on Exhibit B hereto.

SECTION 2. The Director of Finance is hereby authorized to execute and deliver, on behalf of the City, the Service Agreement in substantially the form of Exhibit A hereto, with such changes as the City Solicitor shall advise and the Director of Finance shall approve, consistent with the terms of this Ordinance. No amendment or supplement to the Service Agreement which causes the amount described in Section 1 hereto to be exceeded shall be executed unless first approved by ordinance of the Council.

SECTION 3. The Service Agreement authorized by this Ordinance shall be executed in conjunction with the issuance by PAID of its Obligations for the purpose of financing or refinancing (for debt service savings) the Program in an amount that does not exceed that set forth in Section 1 hereof. The proceeds of such Obligations shall be applied to finance or refinance (for debt service savings) the costs of the Program. The Obligations shall not be executed or delivered until the Director of Finance has approved

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the terms thereof. No series of Obligations shall mature later than thirty years after the date of execution and delivery of the Service Agreement.

SECTION 4. The City covenants to make appropriations beginning in Fiscal Year 2007 and in each and every fiscal year thereafter in such amounts as shall be required in order to make timely all Service Fee payments due and payable and to pay timely all other amounts due and payable under the Service Agreement.

SECTION 5. As long as Obligations issued by PAID to finance or refinance costs of the Program are outstanding, the City covenants unconditionally to make all Service Fee payments and all other amounts due as provided for under the Service Agreement directly to any trustee and other entity (the "Trustee") to which the Service Fee may be assigned as security for payment of the Obligations and the obligations of PAID under any credit facility and/or liquidity facility securing the Obligations or any financial derivative product(s) including an interest rate swap or similar agreement relating to the Obligations, only out of current revenues of the City, which payments 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 set-off, recoupment or counterclaim that the City may have against PAID or the Trustee or any holder of Obligations 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 after the date thereof.

SECTION 6. The City agrees to be bound by each and every provision, covenant and agreement set forth in the Service Agreement.

SECTION 7. The Director of Finance and all other proper officials of the City are hereby authorized, jointly and severally, on behalf of the City, to execute all documents (including one or more continuing disclosure agreements and a letter of representations) as may be necessary in order to accomplish the intent and purpose of this Ordinance and to take all actions as may be required by the Constitution and the laws of the Commonwealth of Pennsylvania (the "Commonwealth") in order to effectuate the Program and the issuance of the Obligations.

SECTION 8. The Service Agreement authorized by this Ordinance shall provide that proceeds of Obligations shall be spent only in accordance with the provisions of this Section 8, and shall further provide that the Council is an intended beneficiary of such provision and may sue for its specific enforcement.

(a) Notwithstanding anything to the contrary set forth in this Section 8, expenditures of \$112.5 million may be made in accordance with the budget categories described on Exhibit C hereto prior to approval of the first annual budget pursuant to Section 8(b) hereof. Within the Philadelphia Commercial Corridors budget categories "Streetscape Enhancements & Capital Improvements," "Acquisition Pool" and "Targeted Demolition on Commercial Corridors" set forth in Exhibit C, the City will not make any

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expenditure pursuant to such budget categories in a Council District without the prior written approval of the District Councilperson elected from the district in which the money is to be spent.

(b) No later than ninety (90) days prior to each fiscal year of the Program, the Mayor or the Director of Finance shall submit to the Council for its approval by ordinance an annual budget setting forth proposed Program expenditures for the upcoming fiscal year by budget category. If the ordinance or a form thereof is not enacted within ninety (90) days of submission, the Mayor, in consultation with the President of the Council, is authorized to, and shall, expend the proceeds of the Obligations in accordance with an annual budget as agreed upon by the Mayor and the President of the Council or, in the event no such agreement is reached, in accordance with the annual budget as set forth in the ordinance submitted to the Council. Within the Philadelphia Commercial Corridors budget categories "Streetscape Enhancements & Capital Improvements," "Acquisition Pool" and "Targeted Demolition on Commercial Corridors" set forth in the annual budget, the City will not make any expenditure pursuant to such budget categories in a Council District without the prior written approval of the District Councilperson elected from the district in which the money is to be spent.

(c) Annually, the City shall submit a report to the Council summarizing all expenditures made during the previous fiscal year by budget category. This report will also contain a report on the progress with respect to the Economic Opportunity Plan. See Exhibit D hereto for a description of the Economic Opportunity Plan.

(d) The provisions of this Section 8 are not severable from the remaining provisions of this Ordinance, but are essentially and inseparably connected with all other provisions of this Ordinance. It is hereby declared to be the legislative intent of the Council that the Council would not have enacted this Ordinance or any portion of this Ordinance unless all provisions of this Section 8 were a valid part of such enactment.

SECTION 9. The Council reasonably expects that the proceeds of the Obligations will be expended for the Program within three (3) years of the issuance of the Obligations and will not take any action or omit to take any action which would cause the expenditure of the proceeds of the Obligations for the Program not to proceed with due diligence.

This Ordinance shall take effect immediately.

EXHIBIT A
FORM OF SERVICE AGREEMENT

SERVICE AGREEMENT

BETWEEN

PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT

AND

THE CITY OF PHILADELPHIA, PENNSYLVANIA

Dated as of _____, 2006

THE CITY OF PHILADELPHIA
Cultural and Commercial Corridors Program

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Exhibit "A" - Description of Cultural and Commercial Corridors Program

SERVICE AGREEMENT

This Service Agreement made and entered into as of the ____ day of _____, 2006, between PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT, a public body and a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "Authority"), and THE CITY OF PHILADELPHIA, PENNSYLVANIA, a corporation and body politic, and city of the first class of the Commonwealth of Pennsylvania (the "City").

WITNESSETH:

WHEREAS, the Authority is a public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") organized pursuant to the Pennsylvania Economic Development Financing Law, Act No. 102 of the General Assembly of the Commonwealth approved August 23, 1967 (P.L. 251), as amended and supplemented (the "Act"); and

WHEREAS, the Authority exists and operates under the Act for the public purposes of promoting industrial, commercial and other economic development, promoting public and private infrastructure, and promoting the use of urban and commercial centers by, among other things, providing tourism and recreational facilities; and

WHEREAS, under the Act, the Authority has all powers necessary or appropriate to carry out and effectuate the purposes and provisions of the Act, including, inter alia, the power to acquire, construct, improve, maintain and finance industrial facilities, commercial facilities, public facilities and other facilities or activities promoting the public purposes of the Act; and to issue bonds of the Authority for any of its corporate purposes; and

WHEREAS, the Authority and the City have determined, in accordance with the 2006 Ordinance (hereinafter defined), that (i) the Authority will, at the direction and with the cooperation of the City, undertake a comprehensive cultural and commercial corridors program to improve and enhance cultural and commercial corridors within the City by financing or refinancing (for debt service savings) the costs of such program (as further defined herein, the "Program") in order to promote the health, welfare and safety of the residents of the City; (ii) the Authority will issue its revenue bonds, notes or other evidences of indebtedness to finance or refinance (for debt service savings) the costs of the Program; and (iii) the City will pay to the Authority the Service Fee described herein; and

WHEREAS, the City Council of the City of Philadelphia (the "City Council"), by Ordinance (Bill No. _____) adopted _____, 2006, approved by the Mayor on _____, 2006 (the "2006 Ordinance") has authorized and approved (i) the execution and delivery of this Service Agreement; (ii) the issuance from time to time by the Authority of bonds, notes or other evidences of indebtedness in an aggregate principal amount not to exceed One Hundred Fifty Million Dollars (\$150,000,000) net of original issue discount, plus amounts necessary for any reserves, costs of credit or liquidity enhancement and financial derivatives products, and amounts necessary to effect any refunding, at any one time outstanding, in one or more series, either as taxable or tax-exempt obligations, to finance or refinance (for debt service

savings) the costs of the Program; and (iii) the obligation of the City to pay in full when due the Service Fee (as defined herein) and other amounts payable hereunder; and

WHEREAS, at the request of the City, the Authority has determined to provide initial financing for the Program by issuing its Revenue Bonds (Cultural and Commercial Corridors Program), Series 2006 in the aggregate principal amount of \$_____ (the "2006 Bonds") for the purpose of (i) funding all or a portion of the Program; [(ii) providing a debt service reserve fund for the 2006 Bonds;] (iii) paying the costs of issuance of the 2006 Bonds; [and (iv) paying the costs of credit and/or liquidity enhancement and financial derivatives products for the 2006 Bonds]; and

WHEREAS, the Authority is entering into a trust indenture of even date herewith (as supplemented from time to time in accordance with the terms thereof, the "Indenture") between the Authority and _____, as trustee (the "Trustee") for the purpose of issuing the 2006 Bonds and securing the payment thereof; and

WHEREAS, to secure the payment of the 2006 Bonds and any Additional Obligations, the Authority will assign to the Trustee all of its right, title and interest in and to this Service Agreement, as amended and supplemented from time to time (except for the Reserved Rights, as defined herein), for the equal and ratable benefit of the holders from time to time of the 2006 Bonds and any Additional Obligations, and, to the extent provided in the Indenture, any Credit Issuer [(including the Bond Insurer)] and any Swap Provider, including the Authority's right to receive the payments of the Service Fee due from the City hereunder; and

[WHEREAS, the payment of principal of and interest on the 2006 Bonds is insured by a policy of municipal bond insurance (the "Bond Insurance Policy") issued by _____ (the "Bond Insurer"); and]

WHEREAS, the execution and delivery of this Service Agreement has been in all respects duly and validly authorized by the Authority and the City;

NOW, THEREFORE, in consideration of the mutual agreements hereinafter contained, the parties hereto, intending to be legally bound, agree as follows:

SECTION 11.

Definitions

(a) Definitions of Terms. Unless otherwise defined herein, all words and terms defined in the recitals hereto and in Article I of the Indenture shall have the meanings set forth therein and herein. All references herein to the "Debt Service Fund," the "Program Fund" and the "Revenue Fund" shall mean the Funds so designated which are established with the Trustee pursuant to Articles IV and V of the Indenture. Capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the Indenture. In addition, the following terms shall have the following meanings unless the context otherwise requires:

"Administrative Expenses" shall mean the reasonable fees and expenses of the Authority [(including the Authority's initial fee)] and the Trustee and any paying agent,

remarketing agent or other fiduciary or agent appointed under the Indenture, including reasonable legal fees and expenses, in connection with the funding and administration of the Program, the issuance of any Obligations, the administration of the Indenture, the performance of the Authority's obligations under this Service Agreement, or in connection with inquiring into, or enforcing the performance of, the City's obligations under this Service Agreement or the Indenture. Administrative Expenses shall not include Costs of the Program.

"Annual Debt Service Requirement" shall mean, with respect to each Fiscal Year,

(i) the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal or mandatory Redemption Price of and interest on the Obligations, and (ii) the payment of any Credit Facility Payment Obligations or Swap Payment Obligations, less

(ii) an amount equal to earnings on the Debt Service Reserve Fund, if any, established under the Indenture, in such Fiscal Year.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations thereunder, as the same may be amended from time to time. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision of the Code.

"Costs" shall mean all costs of the Program which the City or the Authority or either of them is authorized to incur under applicable law (including the Act).

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Debt Service Reserve Fund" shall mean any fund so designated and established under the Indenture as security for the payment of the principal or Redemption Price of and interest on any series of Obligations.

"Event of Default" shall mean any of the events described in Section 601 hereof.

"Fiscal Year" shall mean the annual accounting year of the City, which currently begins on July 1 of each year.

"Indenture" shall mean the Trust Indenture dated as of the date hereof between the Authority and the Trustee, as amended or supplemented from time to time.

"Program" shall mean the cultural and commercial corridors program undertaken by the Authority and the City, following the approval process set forth in Section 305 hereof, in accordance with the 2006 Ordinance to improve and enhance cultural and commercial corridors within the City to promote the health, welfare and safety of the residents of the City and as described in Exhibit "A" attached hereto. The Program may include, but shall not be limited to, improving and enhancing (a) the City's cultural corridors by providing funding to cultural institutions for capital improvements and other activities to improve the cultural corridors for the benefit of the residents of the City; and (b) the City's commercial corridors by

providing funding for streetscapes; redevelopment projects; renovations; property acquisitions for redevelopment; technology equipment and upgrades; loan guarantees; demolition of blighted properties; and other activities to improve the commercial corridors for the benefit of the residents of the City, together with amounts necessary for any reserves, costs of issuance and costs of credit or liquidity enhancement and financial derivatives products, and amounts necessary to effect any refunding.

"Reserved Rights" shall mean the rights of the Authority to receive payments of Administrative Expenses under subsections 404(a) and 404(b) hereof and the rights of the Authority under Sections 505, 507 and 710 hereof, and the right to enforce each of the same.

"Service Fee" shall mean the Service Fee payable from the City hereunder as set forth in Section 401 hereof.

"Trustee" shall mean _____, as trustee under the Indenture, and its successors as trustee thereunder.

[End of Article I]

SECTION 12.

Representations and Warranties

(a) Representations and Warranties of the Authority. The Authority hereby represents and warrants as follows:

(i) it is a public body and a body corporate and politic duly organized and existing under the laws of the Commonwealth with the power to enter into this Service Agreement and to carry out its obligations hereunder and has duly authorized the execution and delivery of this Service Agreement, the 2006 Bonds and the Indenture;

(ii) the issuance and sale of the 2006 Bonds, the execution and delivery of this Service Agreement and the Indenture by the Authority and the performance of all covenants and agreements of the Authority contained in this Service Agreement and of all other acts and things required under the Constitution and laws of the Commonwealth to make this Service Agreement a valid and binding obligation of the Authority in accordance with its terms, are authorized by the Act and have been duly authorized by proceedings of the Authority adopted or passed at meetings thereof duly called and held; and

(iii) this Service Agreement has been duly executed on behalf of the Authority by its duly authorized officers and is the legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws or legal or equitable principles affecting creditors' rights generally.

(b) Representations and Warranties of the City. The City hereby represents and warrants as follows:

(i) it is a corporation and body politic and a city of the first class of the Commonwealth duly organized and existing under the laws of the Commonwealth with the power to enter into the transactions contemplated by this Service Agreement and to carry out its obligations hereunder and, pursuant to the 2006 Ordinance, has duly authorized the execution and delivery of this Service Agreement and has duly approved the 2006 Bonds and the Indenture;

(ii) the authorization and undertaking of the Program, the execution and delivery of this Service Agreement by the City and the performance of all covenants and agreements of the City contained in this Service Agreement and of all other acts and things required under the Constitution and laws of the Commonwealth to make this Service Agreement a valid and binding obligation of the City in accordance with its terms, are authorized by the Philadelphia Home Rule Charter, and the Act and have been duly authorized by the 2006 Ordinance duly adopted by the City Council and approved by the Mayor; and

(iii) this Service Agreement has been duly executed on behalf of the City by its duly authorized Director of Finance and is the legal, valid and binding obligation of the City, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy,

reorganization, insolvency, moratorium or other similar laws or legal or equitable principles affecting creditors' rights generally.

[End of Article II]

SECTION 13.

The Program

(a) Funding of the Program. Upon the issuance of the Obligations of any series, the Authority shall cause the proceeds, if any, thereof to be deposited in the funds and accounts established under the Indenture in such amounts as the Authority shall direct in the Indenture, in the applicable Supplemental Indenture or in an Authority Certificate approved by the Director of Finance.

(b) The Program.

(i) The City and the Authority hereby agree to undertake the Program. In undertaking the Program, the Authority will act at the direction of and with the cooperation of the City. Subject to the 2006 Ordinance, the determination of which portions of the Program are to be implemented from time to time, and the method of funding such portions (including the expenditure of proceeds of Obligations to pay Costs of the Program) shall be made by the City. Portions of the Program may be implemented directly by the Authority or by the City or by their respective contractors and subcontractors. The City may act on behalf of the Authority in connection with the implementation of portions of the Program.

(ii) Amounts deposited in the Program Fund from the proceeds of the 2006 Bonds shall be applied to pay Costs of Issuance of the 2006 Bonds and to pay or reimburse Costs of the Program in accordance with Section 4.02 of the Indenture. Proceeds of the 2006 Bonds deposited in the Program Fund shall be applied solely for Program purposes in accordance with the Act and the 2006 Ordinance. Proceeds of Additional Obligations shall be applied to finance or refinance such Costs of the Program as are specified in the Supplemental Indenture or supplement to this Service Agreement relating to such Additional Obligations.

(iii) The Director of Finance shall transmit to the City Council not later than 90 days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2007, an annual report summarizing all expenditures made during the previous Fiscal Year by budget category.

The Authority shall cooperate with the Director of Finance in the preparation of each report required to be prepared under this subsection.

(c) Appointment of Authority as Agent. The City hereby appoints and designates the Authority as the City's agent to administer the Program (or portions thereof as the case may be) and to perform any element thereof in accordance with the terms of this Service Agreement. The Authority hereby accepts the foregoing appointment and designation and, in consideration of the Service Fee, agrees to administer the Program (or portions thereof as the case may be) and implement such elements thereof as the City shall from time to time direct.

(d) Additional Obligations. Upon the written request of the Director of Finance of the City, the Authority may, but shall have no obligation to, issue Additional Obligations to finance or refinance Costs of the Program, including amounts necessary for any reserves, Costs of Issuance of such Additional Obligations, costs of credit or liquidity enhancement and financial

derivatives products, and amounts necessary to effect any refunding. In connection therewith, the Authority and the City shall enter into a supplement to this Service Agreement in accordance with Section 709 hereof providing, if necessary, for an increase in the aggregate principal amount of Obligations which may be issued by the Authority and at any one time outstanding under the Indenture, subject to the provisions of the 2006 Ordinance or any ordinance subsequently enacted by City Council relating to the financing or refinancing of the Program.

(e) Approval Process. Notwithstanding any other provision of this Service Agreement to the contrary, no proceeds of any Obligations of any series shall be spent except in accordance with the 2006 Ordinance. The City Council is an intended beneficiary of Section 8 of the 2006 Ordinance and may sue for its specific performance.

[End of Article III]

SECTION 14.

Service Fee

(a) Service Fee. In consideration of the undertakings by the Authority under this Service Agreement with respect to the Program, the City agrees to pay as a Service Fee in each Fiscal Year directly to the Trustee, as the assignee of the Authority, the following sums:

(i) The Annual Debt Service Requirement for such Fiscal Year, payable as follows:

(1) On the date such amount is required to be paid to the holders of the Obligations, the amount which is equal to the principal or mandatory Redemption Price of the Obligations becoming due on such principal maturity or mandatory redemption date, subject to credit for other available funds in the manner provided in the Indenture.

(2) On the date such amount is required to be paid to the holders of the Obligations, the amount which is equal to interest on the Obligations becoming due on such Interest Payment Date, subject to credit for other available funds in the manner provided in the Indenture.

(3) On or before the dates specified in any Credit Facility or Swap Agreement, the amounts which are equal to any Credit Facility Payment Obligations or Swap Payment Obligations becoming due on such dates, subject to credit for other available funds in the manner provided in the Indenture.

(4) Notwithstanding any other provision of this Service Agreement, an acceleration of the Authority's payment obligations with respect to the 2006 Bonds and any Additional Obligations issued pursuant to the Indenture or with respect to any Credit Facility Payment Obligation or Swap Payment Obligation shall not cause an acceleration of the payment of the Service Fee hereunder.

(ii) On or before the dates required by the Indenture, the amounts which are necessary to restore any deficiency in the Debt Service Reserve Fund, if any, established under the Indenture.

In lieu of the portion of the payments due under subsection (a)(i) above, the City, or at its written direction, the Trustee, may purchase for cancellation Obligations of the series and term next becoming due at maturity or upon mandatory redemption, subject to the applicable requirements set forth in Section 5.03(d) of the Indenture.

Notwithstanding the foregoing, in no event shall the aggregate principal amount of Obligations issued from time to time by the Authority to finance or refinance (for debt service savings) the costs of the Program exceed an aggregate principal amount of One Hundred Fifty Million Dollars (\$150,000,000), net of original issue discount, plus amounts necessary for any reserves, costs of credit or liquidity enhancement and financial derivatives products, and amounts necessary to effect any refunding, at any one time outstanding, unless a larger aggregate

principal amount of Obligations shall have been approved by an ordinance of the City in accordance with Section 709(c).

The Service Fee shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of the Service Fee and include the same in its annual operating budget for each year. If the current revenues are insufficient to pay the total Service Fee in any Fiscal Year as the same becomes due and payable, the City covenants to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing year such balance due in addition to the amount of Service Fee 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 Service Fee payments due and payable hereunder in each of the City's Fiscal Years.

(b) No Set-Off. The obligation of the City to make the payments required under this Service Agreement shall be absolute and unconditional. The City will pay without suspension, abatement, reduction, abrogation, waiver or diminution all payments required hereunder regardless of any cause or circumstance whatsoever, which may now exist or may hereafter arise, including, without limitation, any defense, set-off, recoupment or counterclaim which the City may have or assert against the Authority, the Trustee, any Holder of the Obligations or any other person.

(c) Prepayment. The City shall be permitted, at any time and from time to time, to prepay all or any part of the amounts payable under Section 401 hereof together with such other amounts as shall be sufficient to redeem or otherwise pay all or a portion of the Obligations of any series in accordance with the provisions of the Indenture.

(d) Other Payments by City. The City shall make the following payments:

(i) [contemporaneously with the execution and delivery hereof, the Authority's initial fee with respect to the 2006 Bonds of \$_____];

(ii) the Authority's other Administrative Expenses incurred from time to time;
and

(iii) directly to the Trustee, on behalf of the Authority, upon invoice therefor, the Administrative Expenses of the Trustee as provided in Section _____ of the Indenture.

The Administrative Expenses shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of the Administrative Expenses and include the same in its annual operating budget for each year. If the current revenues are insufficient to pay the total Administrative Expenses 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 in order to provide sufficient current revenues to pay in each ensuing year such balance due in addition to the amount of Administrative Expenses 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 Administrative Expense payments due and payable hereunder in each of the City's Fiscal Years.

(e) Assignment of Service Agreement. The Authority hereby notifies the City that all the Authority's right, title and interest in and to this Service Agreement, including its rights to receive the above payments (except for the Reserved Rights), shall be irrevocably assigned by the Authority to the Trustee as security for the Obligations as provided in the Indenture, and in furtherance of said assignment the Authority hereby irrevocably assigns all payments by the City hereunder (except for the Reserved Rights) to the Trustee for deposit or application in accordance with this Service Agreement and the Indenture. The City hereby consents to such assignment. The Authority consents to the payment by the City of, and directs the City to pay, all such assigned amounts directly to the Trustee.

(f) Excess Funds. After all of the Obligations have been paid or payment thereof has been provided for and all interest and applicable premium, if any, due thereon and all other amounts required to be paid under the Indenture have been paid or provision for such retirement and payment has been made in accordance with the Indenture, excess moneys in the funds and accounts established under the Indenture from whatever source derived will be paid to the City. This paragraph shall survive the termination of this Service Agreement.

[End of Article IV]

SECTION 15.

Further Agreements

(a) Compliance With Laws. The City covenants that all actions heretofore and hereafter taken by the City or by the Authority upon the request of any officer of the City in connection with the Program, 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. 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.

(b) Investments. The City and the Authority agree that all moneys in any fund or account established by the Indenture may be invested in such Investment Securities as the City may direct in writing, as provided in the Indenture.

(c) City to Perform Certain Covenants Under 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 that, in consideration of the service of the Authority rendered to the City under this Service Agreement, it will take all such actions as are required of it under the Indenture to preserve and protect the rights of the Trustee, the Holders of the Obligations, the Credit Issuers and the Swap Providers thereunder and that it will not take or effect any action which would cause a default thereunder or impair such rights. The City hereby assumes and agrees to perform all of the covenants and other obligations of the Authority under the Indenture, excepting only any approvals or consents required to be given by the Authority thereunder, and those covenants contained in the Indenture which are not within the control of the City.

(d) Compliance with the Internal Revenue Code. Each of the City and the Authority covenants that it will neither make nor instruct the Trustee to make any investment or other use of the proceeds of the Obligations, the interest on which is intended to be excludable from gross income of the holders thereof, which would cause such Obligations to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code; that it will comply with the requirements of the Code throughout the term of such Obligations so that the interest on such Obligations shall be excluded from gross income for federal income tax purposes; and that it will not apply the proceeds of such Obligations in such a manner as would result in the loss of the exclusion of interest on such Obligations from gross income of the owners for federal tax purposes.

The City further covenants that it will calculate and pay directly to the United States the amount of arbitrage rebate payable to the United States Treasury under the Code pursuant to Section 5.05 of the Indenture. The Authority agrees to cooperate with the City's undertaking to comply with the arbitrage rebate rules. To that end, the Authority will execute an IRS Form 8038-T to the extent necessary to so comply.

(e) No Personal Recourse Against Authority; Assumption of Financial Responsibility.

(i) In the exercise of the power of the Authority and its members, officers, employees and agents under this Service Agreement or the Indenture including (without limiting the foregoing) the application of moneys and the investment of funds, 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 them except actions constituting bad faith, willful misconduct, gross negligence, fraud or deceit of the Authority or of any member, officer, employee or agent. The Authority and such other 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 against any member, officer, employee or agent of the Authority alleging personal liability on the part of such person based on this Service Agreement or on the Indenture or based on the Authority's participation in the Program.

(ii) To the extent authorized by applicable law, and in consideration of the service being rendered by the Authority to the City pursuant to the Act, the City agrees to indemnify, defend and hold harmless the Authority and each of its directors, officers, employees, agents and representatives (each an "Indemnified Party" and collectively, the "Indemnified Parties"), against any and all suits, claims or causes of action (collectively, "Claims"), and all liabilities, losses, costs, expenses, judgments and amounts paid in settlement (including without limitation, reasonable attorneys' fees) of every kind (collectively, "Losses"), relating to or arising in connection with the Authority's entering into this Service Agreement, the Indenture or any other documents executed by the Authority in connection with the transactions contemplated in connection with the Program, the performance of any of the Authority's obligations hereunder or thereunder, any acts or omissions with respect to the Authority's interest under this Service Agreement, the Indenture or any other documents executed by the Authority in connection with the transactions contemplated thereby, or any other acts or omissions relating to the Authority's involvement in the Program; except in each case to the extent that the Claims and Losses are attributable to the willful misconduct, gross negligence, bad faith, fraud or deceit of any such Indemnified Party.

(iii) In the event any such Claim is made or action brought against any Indemnified Party, the City shall assume the defense of the Claim and any action brought thereon and the City shall pay all expenses incurred therein; or the Authority, with the consent of the City Solicitor, may assume the defense of any such Claim or action, the reasonable costs of which shall be paid by the City; provided, however, that Counsel selected by the Authority to conduct such defense shall be approved by the City and further provided that the City may engage its own Counsel to participate in the defense of any such action.

(iv) The City shall have the right to control the defense of any legal proceedings involving any Claims (other than Claims relating to the inherent powers of the Authority), but shall keep the Authority advised as to all material developments in such proceedings. Notwithstanding anything herein to the contrary, the City shall not be required to indemnify or defend any Indemnified Party against any Claims or Losses to the extent such

Claim or Loss is the result of the willful misconduct, bad faith, gross negligence, fraud or deceit of the Authority or such Indemnified Party; provided, however, the Authority's taking of any action, or the failure to take any action, which it is permitted to take under the terms of this Service Agreement, the Indenture or any of the documents involved in the Program, shall under no circumstances be deemed to constitute willful misconduct, bad faith, gross negligence, fraud or deceit; and furthermore, the taking of any action by the Authority at the written direction of the City or the Trustee shall not under any circumstances be deemed to constitute willful misconduct, bad faith, gross negligence, fraud, or deceit.

(v) The City shall not be obligated under Section 505(b), (c) or (d) of this Service Agreement unless the Indemnified Party has given the City prompt and timely notice of matters contemplated by Section 505 (b), (c) or (d); provided however, the failure to so notify the City will not relieve the City from any obligation under Section 505(b), (c), or (d) except to the extent such failure has materially injured the ability of the City to defend such matter successfully or to minimize the economic exposure resulting therefrom. Nothing in this Section 505 shall be deemed to preclude the City from asserting any claim against an Indemnified Party for expenses arising from such Indemnified Party's willful misconduct, bad faith, gross negligence, fraud or deceit.

(f) Liabilities of the Trustee. The City shall at all times assume complete financial responsibility for all liabilities, losses, claims, causes of action and reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, including the actual and reasonable allocated costs and expenses of in-house counsel) incurred by, imposed upon or asserted against the Trustee, including its officers, directors, employees and agents, or any of them, for following any instruction or direction upon which the Trustee is authorized to rely pursuant to the terms of this Service Agreement, the Indenture or the Obligations or which arise on account of or result from any actions taken or omitted to be taken by the Trustee, except as a result of its or their negligence or willful misconduct, relating to or arising out of this Service Agreement, the Indenture or the Obligations.

(g) No Waiver of Immunity. Nothing herein shall waive or amend any defense or immunity which the City or the Authority, their officers, employees or agents may have under the Pennsylvania Political Subdivision Tort Claims Act, 42 Pa. C.S.A. §8541 et seq. or the Commonwealth Agency Law, 42 Pa. C.S.A. §8521 et seq.

(h) Non-Competitively Bid Contract Bidding Requirements. Pursuant to Section 17-1408 of the Philadelphia Code, the Authority shall abide by the provisions of Philadelphia Code Chapter 17-1400 in awarding any contract(s) pursuant to this Service 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 the Philadelphia Code Chapter 17-1400 to be performed by the City Solicitor shall be performed by the Authority by its General Counsel; any approvals required to be performed by the Director of Finance shall be performed by the Authority by its Senior Vice President for Financing Services;

and any approvals required to be performed by the Mayor shall be performed by the Authority by its President.

(i) Nondiscrimination/Sexual Harassment Clause. During the term of this Service Agreement, the City agrees as follows:

(i) In the hiring of any employee(s) for the performance of work, or any other activity required under this Service Agreement or any contract for the construction or acquisition of the Program, the City, its contractors, or any person acting on behalf of the City or its contractors shall not, by reason of gender, race, creed, or color, discriminate against any citizen of the Commonwealth of Pennsylvania who is qualified and available to perform the work to which the employment relates.

(ii) Neither the City nor any of its contractors for the Program nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the performance of work or con, or any other activity required under this Service Agreement on account of gender, race, creed, or color.

(iii) The City and its contractors for the Program shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.

(iv) The City shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work relating to the property to which the contracts relates.

(v) The City and each of its contractors for the Program shall furnish upon request all necessary employment documents and records to and permit access to their books, records, and accounts by the Pennsylvania Department of Community and Economic Development, for purposes of investigation, to ascertain compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. If the City or its contractors for the Program do not possess documents or records reflecting the necessary information requested, the City or its contractors for the Program shall furnish such information on reporting forms supplied by the Pennsylvania Department of Community and Economic Development.

(vi) The City shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every contract for the Program so that such provisions will be binding upon each contractor for the Program.

(vii) In the event of a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause, the Pennsylvania Department of Community and Economic Development may proceed with debarment or suspension and may place the City in the Contractor Responsibility File.

[End of Article V]

SECTION 16.

Events of Default and Remedies

(a) Events of Default. Each of the following shall constitute an Event of Default hereunder:

(i) The failure of the City to make any payment to the Trustee of the Service Fee due pursuant to Section 401 (a) or (b) of this Service Agreement;

(ii) The failure of the City to make any other payment or to perform any other covenant, condition or agreement herein on its part to be performed; and

(iii) If the City proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the City or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, state or federal, by or against the City and if such is not vacated, dismissed or stayed on appeal within sixty (60) days (provided that any such assignment, agreement, appointment or proceeding commenced under the First Class City Revenue Bond Act or the Municipal Utility Inventory and Receivables Act, and/or any acceleration of the payment obligations in respect of any bonds, notes or other evidence of indebtedness issued under either aforementioned Act, shall not be an Event of Default hereunder).

(b) Notice of Defaults; Opportunity to Cure Such Defaults. No default under Section 601(b) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the City by the Authority or the Trustee and the City shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, if the default cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within the period and diligently pursued until the default is corrected.

(c) Remedies. If any Event of Default shall occur and be continuing, the Authority (or the Trustee as assignee of the Authority) may at its option exercise any one or more of the following remedies:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the City to perform its duties and obligations under this Service Agreement; or

(ii) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Authority; or

(iii) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

In no event (including an acceleration of the Authority's payment obligations under the 2006 Bonds or any Additional Obligations issued under the Indenture or with respect to any Credit Facility Payment Obligation or Swap Payment Obligation) shall the due dates for payments of the Service Fee hereunder be accelerated.

(d) No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Service Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

(e) No Additional Waiver Implied by One Waiver. In the event the breach of any agreement contained in this Service Agreement should be waived by either party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

[End of Article VI]

SECTION 17.

Miscellaneous

(a) Notices.

(i) Except as otherwise permitted herein and in the Indenture, all communications hereunder shall be in writing and, unless otherwise required under this Service Agreement, shall be sufficiently given or made if delivered personally to the Person who is to receive the same or if mailed to such person by certified mail, return receipt requested, addressed as follows:

(1) if to the Authority:

Philadelphia Authority for Industrial Development
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102
Attention: _____

with a copy to:

(2) if to the City:

City of Philadelphia
c/o Director of Finance
1401 John F. Kennedy Boulevard
MSB - Room 1330
Philadelphia, PA 19102-1693

With a copy to:

Law Department
City of Philadelphia
1515 Arch Street, 17th Floor
Philadelphia, PA 19102-1595
Attention: City Solicitor

(3) if to the Trustee:

(b) Severability. If any provision of this Service Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(c) Redemption of Obligations. The Authority, at the written direction of the City, at any time the aggregate moneys in the funds or accounts created under the Indenture are sufficient to effect such redemption in whole or in part, and if the same are then redeemable under the provisions of the Indenture, shall forthwith take steps that may be necessary under the applicable provisions of the Indenture to effect redemption of all or as many of the then Outstanding Obligations on such redemption date as may be specified in writing by the City.

(d) Counterparts. This Service Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same Service Agreement.

(e) Benefit of Service Agreement. This Service Agreement shall inure to the benefit of and shall be binding upon the Authority, the City and their respective successors and assigns. In addition, the agreements and representations of the City and the Authority herein contained shall inure to, but only to, the Trustee for the benefit of the Holders from time to time of all Obligations issued and Outstanding under the Indenture, any Credit Issuers and Swap Providers secured pursuant to the Indenture, and to the Trustee for its own benefit.

(f) Termination. This Service Agreement shall terminate on such date as the principal or redemption price of and interest on all Obligations and all other amounts required under the Indenture to be paid and all other expenses payable by the City hereunder shall have been paid (or provision for such payment shall have been made as provided in the Indenture) and all other conditions of this Service Agreement and the Indenture shall have been fully satisfied. Notwithstanding foregoing, the City's obligations under Section 504, Section 505 and Section 506 hereof shall survive any such termination.

(g) Governing Law. This Service Agreement shall be governed by, and construed in accordance with, the substantive laws of the Commonwealth.

(h) Entire Agreement. This Service Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the Authority and the City with respect to the subject matter hereof.

(i) Amendments and Supplements.

(i) If the Authority issues Additional Obligations as contemplated by the Indenture, the Authority and the City shall execute an appropriate supplement or amendment to this Service Agreement. In addition, the parties hereto from time to time may enter into any written amendments hereto (which thereafter shall form a part hereof) as shall not adversely affect the rights of or the security of the holders of the Obligations, only for the following purposes:

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

(2) to grant to or confer upon the Authority or the Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the Authority or the Trustee; or

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

(4) to provide terms not inconsistent with the Indenture or this Service Agreement; provided, however, that this Service Agreement as so amended or supplemented shall provide at least the same security for Holders of the Obligations issued under the Indenture as the Service Agreement in this form.

(ii) All other amendments must be approved by the Trustee and, to the extent required by the Indenture, by the Holders of the Obligations and the Bond Insurer also, in the same manner and to the same extent as is set forth in Section 11.02 of the Indenture.

(iii) Any amendment or supplement to this Service Agreement (other than an amendment or supplement relating to the issuance of a series of Additional Obligations pursuant to Section 709(a) hereof which does not cause the limitation in Section 401(b) hereof to be exceeded or an amendment or supplement pursuant to Section 709(a)(i) through (iv) hereof) shall be approved by ordinance of the City Council and a copy of any such amendment or supplement, together with a copy of such ordinance, certified by the Clerk of the City Council, shall be filed with the Trustee.

(j) Limitation on Liability of the Authority. No provision of this Service Agreement shall be construed so as to give rise to a liability of the Authority or any of its members, officers or employees, or to give rise to a charge upon the general credit of the Authority or such members, officers or employees, including without limitation in respect of general liability for repayment of the Obligations; any liability hereunder of the Authority shall be limited exclusively to its interest in this Service Agreement and the lien of any judgment shall be restricted thereto.

(k) Construction; Conflict with 2006 Ordinance. If any provision of this Service Agreement conflicts with the provisions of the 2006 Ordinance, the 2006 Ordinance shall control.

[End of Article VII]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Service Agreement, all as of the day and year first above mentioned.

PHILADELPHIA AUTHORITY FOR
INDUSTRIAL DEVELOPMENT

By: _____

Chairman

THE CITY OF PHILADELPHIA,
PENNSYLVANIA

By: _____
Vincent Jannetti
Acting Director of Finance

EXHIBIT "A"

DESCRIPTION OF CULTURAL AND COMMERCIAL CORRIDORS PROGRAM

Cultural Corridors Guidelines

A. Cultural Corridors (\$60 M)

Process: For organizations on sites not owned by the City, projects will be based on the below criteria and identified using an interagency process including the Office of the City Representative and Director of Commerce, the Office of the Director of Finance, the Managing Director's Office and the Mayor's Office. (Criteria are the five Cultural Corridors Avenue: Avenue of the Arts, Ben Franklin Parkway, Art Museum, Centennial District, Historical District, El Centro de Oro and other emerging cultural corridors).

An Application process and timeline will be designed based on the following:

Recommended guidelines

Applicant Eligibility Criteria

- Applicants must be located in Philadelphia County.
 - Mission and programs must substantially focus on the arts and cultural activities.
- Be a nonprofit corporation, established as a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- Site control of the proposed project facility is required either through ownership or a leasehold with an unexpired period of at least six years at the time of application.
- Facility ownership is required for exterior renovation projects.
- Funds are used for public good.
- Infrastructure meets city, state, federal standards, specifications, rules, regulations, and ordinances.
- Design and installation/construction are in accordance with appropriate standards and are approved/inspected by the City.
- Proposed project maximizes private and other public funding to leverage City funds.
- Proposed development is consistent with the master plan for the surrounding district and any existing design criteria.
- Proposed project will provide the City with a study, plan or other projections illustrating how investment will add to the cultural district.
- Proposed project will incorporate the District's public amenities (i.e. create streetscape connections, open space uses), and will work with City and local District stakeholders.
- Proposed project will strengthen the identity of the cultural district and relate well to downtown and local neighborhoods, while expanding and expressing the city's cultural diversity.
- Project should reinforce the foundation of the cultural district's ability to attract visitors and residents to the institutions and other businesses located within the area.

Eligible Projects

- New construction, pre-development funds, soft costs (architectural and engineering plans), renovations, and expansions.
- Acquisition projects.

Ineligible Projects

- Working Capital.
- Land acquisition as part of a larger capital project.

B. Capital funding for other non-profits (\$5 M)

Process: The Commerce Department will request an expression of interest from Philadelphia-based cultural organizations and will be responsible for creating a committee comprised of interagency representatives and experts to recommend grantees based on the above criteria. (Criteria listed: Leadership, Financial Capacity, and Planning & Org. Existence)

An application process and timeline will be designed based on the following:

A public call for a letter of interest and fact sheet form will collect basic information from interested organizations. This will help to gauge the level of interest and the degree of need from the cultural community. From this data, an interagency panel will decide on how to proceed with a more formal application process.

Recommended Guidelines

Applicant Eligibility Criteria

- Applicants must be located in Philadelphia County.
- Mission and programs must substantially focus on the arts and cultural activities.
- Be a nonprofit corporation, established as a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- Site control of the proposed project facility is required either through ownership or a leasehold with an unexpired period of at least six years at the time of application.
- Facility ownership is required for exterior renovation projects.
- Funds are used for public good.
- Infrastructure meets city, state, federal standards, specifications, rules, regulations, and ordinances.
- Design and installation/construction are in accordance with appropriate standards and are approved/inspected by the City.

Organizations Ineligible for funding

- Public agencies, departments and authorities.
- Organizations having fees, admissions, memberships or tuitions that would exclude persons of low- and moderate-income.
- Organizations whose proposed spaces are not used primarily for the delivery of arts programs.
- Schools, colleges, universities, and libraries.
- Religious institutions.

Types of Capital Improvements Funded

The following are examples of eligible projects and are not meant to represent the entire range of possible small capital improvement projects. Proposed projects must be completed during a 12-month award period.

- Improvements: HVAC systems, disabled access improvements, sprung flooring, lighting grids/catwalks.

- Rehabilitations: Roof renovations, electrical wiring upgrades, facade restorations.
- Capital Fixtures: Installation of theatrical seating, wheelchair lifts, lighting dimmer systems, rack sound systems, and assistive listening systems.
- Acquisition Projects.

Types of activities not eligible for funding

- Capital fixtures and spaces not directly associated with the delivery of a cultural service.
- Architectural, engineering, and other professional design or consultant fees; except in instances where financing is otherwise complete.
- Space search or feasibility studies.
- Reimbursement for projects already completed.
- Projects whose function is dependent on a larger capital project for which funding is not in place.
- Structural renovation, asbestos and lead removal, or Maintenance.
- Working capital.

C. Administration of Program

With *respect* to the program described in A. above, proceeds of Bonds will be deposited under the Indenture in the Cultural Corridors Account of the Program Fund. Thereafter, the amount of such proceeds shall be disbursed among three (3) separate subaccounts:

a. Infrastructure - to be used for City owned bond-financed property. Money will be requisitioned to the Trustee by the City and paid directly to a third party vendor. This money is for purely public improvements.

b. Other Capital Improvements - to be used for non-City owned or non-City used capital improvements. PIDC will enter into grant agreements with entities which are beneficiaries of these proceeds. Amounts in the Infrastructure Subaccount may be transferred to this Subaccount and used for the purposes stated herein.

c. Other Small Capital Improvements - to be used and administered in the same manner as b. above. However, amounts in the Infrastructure Subaccount may not be transferred to this Subaccount.

Commercial Corridors Guidelines

Process: Funding for the first three program categories ("Streetscape Enhancements and Capital Improvements," "Acquisition Pool," and "Targeted Demolition on Commercial Corridors") will be directed towards selected corridors throughout the City, based upon analysis of existing conditions, neighborhood trends, and the existence of resources and plans. The type of data that the City will evaluate when making such decisions will include, but will not be limited to, the following:

Existing Conditions	Neighborhood Trends	Resources + Plans
Condition of public infrastructure	Traffic and transit volume, if available	Existence of community or corridor plans and design guidelines
Size and density of commercial area	Presence of social, cultural and economic anchors	Funding commitments for planned corridor improvement projects
Condition of commercial buildings	Recent change in neighborhood demographics	Existence of corridor management organizations and business associations
Level of vacancy	Quality of Market conditions	Pending public improvement projects
Access to parking and transit		Pending private development projects

Funding for the remaining categories ("Targeted Redevelopment Grants"; "Acquisition Pool for Non-Profit Entities"; "Business Support," and "Technology Improvements") will be allocated based upon demand. Some project categories, such as the Acquisition Pool for Non-Profit Entities, may be managed by non-City entities in order to provide the most effective administration.

Process: The Mayor's Office will coordinate an inter-agency process including the Commerce Department, City Planning Commission, Managing Director's Office, and Office of Housing and Neighborhood Preservation to recommend appropriate projects. This strategy will be based upon the criteria above. The City will not make any expenditures within the budget categories of "Streetscape Enhancements and Capital Improvements," "Acquisition Pool" and "Targeted Demolition on Commercial Corridors" without the prior written approval of the District Councilperson elected from the district in which the money is to be spent.

A. Streetscape Enhancements and Capital Improvements (\$34 M)

Description of Use

Enhancements and improvements to public infrastructure including but not limited to: street and pedestrian lighting; underground utility placement; street paving and striping; public signage and wayfinding; sidewalks; curbs; crosswalks and curb cuts; bump-outs; greening and trees; pedestrian "furniture" (benches, bike racks, etc.); public art; planning; design; architecture; and engineering studies.

Project Management

Streetscape Enhancements and Capital Improvements will be carried out by the Streets Department and supported by other City Departments, consistent with existing City practices.

Trusted funds will be deposited in the Infrastructure Subaccount of the Commercial Corridors Account. Money will be requisitioned by the City to the Trustee and paid directly to a third party vendor. The money is for purely public improvements.

A Project selection process will be designed based on the following:

Recommended guidelines:

The City will select neighborhood commercial corridors for streetscape enhancements and capital improvements based on the following criteria:

- Deteriorated or insufficient public infrastructure (sidewalks, pavement, lighting, etc.)
- Large and dense commercial areas with high pedestrian traffic and transit volume
- Existing community or corridor plans and/or design guidelines
- Existing funding commitments for streetscape enhancements and capital improvement projects
- Presence of corridor management organizations and/or business associations
- Presence of social, cultural and economic anchors
- Quality of market conditions, such as level of vacancy, condition of commercial buildings and recent changes in neighborhood demographics
- Pending public improvement projects
- Pending private development projects
- Access to parking

The City will not make any Streetscape Enhancements and Capital Improvements expenditures without the prior written approval of the District Councilperson elected from the district in which the money is to be spent.

B. Acquisition Pool (\$6 M)

Description of Use

Acquisition of properties on commercial corridors for [sale] and/or redevelopment for commercial, mixed-used, or open space use.

Project Management

The City will direct the Philadelphia Authority for Industrial Development (PAID) to acquire properties in accordance with the criteria cited below. PAID will dispose of such properties through an RFP or RFQ process in accordance with City property disposition guidelines. Proceeds will be used to create an ongoing resource for commercial property acquisition.

A project selection process will be designed based on the following:

Recommended guidelines

The City will direct PAID to acquire properties on selected corridors throughout the City, based upon analysis of existing conditions, neighborhood trends, and the existence of resources and plans. The type of data that the City will evaluate when making such decisions will include, but will not be limited to those identified in the previous section.

Eligible Property Criteria

- Sites must be located on or within one block of a neighborhood commercial corridor where a corridor revitalization strategy or a community plan ("Strategy") is in place or under development.
- Acquisition and redevelopment of the property must be consistent with the Strategy.
- Funds must be used for acquisition of properties intended for use as commercial, mixed-use or cultural buildings, or for open space.

Selection Criteria

Preference will be given to acquisition of properties that meet the following criteria:

- Significant opportunity for supporting revitalization of the corridor, such as multi-address properties that can serve as an "anchor," blight elimination, and maximum leverage of other investments.
- Feasible redevelopment plan
- Demonstrated coordination with other City priorities, such as: open space and greening; equitable development; transit-oriented development; safer streets; energy conservation; historic preservation; employer-assisted housing.

The City will not make any Acquisition Pool expenditures without the prior written approval of the District Councilperson elected from the district in which the money is to be spent.

C. Targeted Demolition on Commercial Corridors (\$2 M)

Description of Use

Demolition of unsafe and/or imminently dangerous properties on commercial corridors to help create parcels for commercial, mixed-used, or open space development.

Project Management

Targeted demolition will be carried out by the Department of Licenses and Inspections and supported by other City Departments, consistent with existing City demolition practices, such as: conducting demolition in a safe, orderly and environmentally sound manner that minimizes community disruption; and structuring bid documents to lower costs and meet the City's economic opportunity goals.

Trusted funds will be deposited in the Infrastructure Subaccount of the Commercial Corridors Account. Money will be requisitioned by the City to the Trustee and paid directly to a third party vendor. The money is for purely public improvements.

Recommended guidelines

Applicant Eligibility Criteria

- Property must be located on or within one block of a neighborhood commercial corridor
- Demolition of property must be consistent with the corridor revitalization strategy or other community plan ("Strategy").
- Property must be vacant.
- Property must be deemed to be unsafe or imminently dangerous by the Department of Licenses and Inspections.

Selection Criteria

Preference will be given to those projects that meet the following criteria:

- Significant opportunity for supporting revitalization of the corridor, such as multi-address properties that can serve as an "anchor," blight elimination, and maximum leverage of other investments.
- Consistency with other City priorities, such as: open space and greening; equitable development; transit-oriented development; safer streets; energy conservation; historic preservation; employer-assisted housing.

The City will not make any Targeted Demolition expenditures without the prior written approval of the District Councilperson elected from the district in which the money is to be spent.

D. Targeted Redevelopment Grants (\$8.5 M)

Description of Use

Provide grants for pre-development and development activities for commercial, institutional and cultural facilities that will draw people to the neighborhood commercial corridor.

Project Management

The City will direct PAID to award grants to developers of commercial, institutional, mixed-use and cultural facilities that will draw people to neighborhood commercial corridors.

PIDC will enter into grant agreements with entities which are the beneficiaries of these proceeds. Proceeds will be disbursed from the Other Capital Improvements Subaccount of the Commercial Corridors Account.

Recommended guidelines

Applicant Eligibility Criteria

- Sites must be located on or within one block of a neighborhood commercial corridor where a corridor revitalization strategy or a community plan ("Strategy") is in place or under development.
- Applicants must demonstrate that proposed redevelopment projects are consistent with the Strategy.
- Funds must be used for new construction or substantial rehabilitation of commercial, institutional, mixed-use or cultural facilities.

- Site control is required either through proof of ownership, an executed agreement of sale or option, or a lease hold with an unexpired period of at least six years at the time of application.
- Architectural and engineering plans must be in accordance with appropriate standards and be approved by the City.
- Applicants must demonstrate that their redevelopment projects face a financing gap requiring funding support from the City; development budgets and pro formas are required attachments for funding applications.
- Applicants must demonstrate that proposed redevelopment projects are feasible and can be completed within 24 months.

Eligible Uses

- New construction, rehabilitation, expansion, and pre-development (architectural, engineering and environmental services).

Selection Criteria

Preference will be given to those projects that meet the following criteria:

- Substantial job creation;
- Supporting start-up or expansion of disadvantaged businesses;
- Blight elimination;
- Pedestrian-oriented design;
- Demonstrated coordination with other City priorities, such as: open space and greening; equitable development; transit-oriented development; safer streets; energy conservation; historic preservation; employer-assisted housing.
- Substantial leverage (bond proceeds equal to or less than 20% of total project costs)

E. Acquisition Pool for Non-profit entities (\$2 M)

Description of Use

Enable non-profit entities to acquire properties on commercial corridors for commercial or mixed-use development.

Project Management

The City will direct PAID to enter into a grant agreement with a non-profit entity to serve as a Pool Manager. The Pool Manager will solicit state, foundation and corporate funders to contribute additional funds to leverage the grant. The Pool Manager will provide grants and loans to eligible non-profit entities to acquire eligible properties in accordance with the criteria cited below. Proceeds from loan repayments will be used by the unrelated intermediary to create an ongoing resource for commercial and mixed-use property acquisition on neighborhood commercial corridors.

Proceeds will be disbursed from the Other Capital Improvements Subaccount of the Commercial Corridors Account to the subgrantor.

A project selection process will be designed by the Pool Manager based on the following recommended guidelines:

Applicant Eligibility Criteria

- Applicants must be non-profit organizations with demonstrated development capacity and organizational missions consistent with proposed projects.

Eligible Property Criteria

- Properties must be located on or within one block of a neighborhood commercial corridor where a corridor revitalization strategy or community plan ("Strategy") is in place or under development.
- Acquisition and redevelopment of the property must be consistent with the Strategy.
- Funds must be used for acquisition of properties intended for commercial or mixed use.

Selection Criteria

Preference will be given to acquisition of properties that meet the following criteria:

- Significant opportunity for supporting revitalization of the corridor, such as multi-address property that can serve as an "anchor," blight elimination and maximum leverage of other investments.
- Feasible redevelopment plan.
- Demonstrated coordination with other City priorities, such as: open space and greening; equitable development; transit-oriented development; safer streets; energy conservation; historic preservation; employer-assisted housing.

F. Business Support (\$4.5 M)

Description of Use

Fund façade renovations to storefronts; fit-out expenses for commercial tenants and energy conservation improvements to commercial properties on corridors; equipment for corridor security programs

The City will direct PAID to award grants to eligible applicants.

PIDC will enter into grant agreements with entities which are the beneficiaries of these proceeds. Proceeds will be disbursed from the Other Capital Improvements Subaccount of the Commercial Corridors Account.

Recommended guidelines:

Project Eligibility Criteria

- Sites must be located on or within one block of a neighborhood commercial corridor where a corridor revitalization strategy or community plan ("Strategy") is in place or under development.
- All projects must be consistent with the Strategy.
- Eligible applicants include: businesses located on neighborhood commercial corridors; owners of commercial and mixed use properties located on neighborhood commercial corridors; business associations; neighborhood improvement district management agencies; non-profit organizations providing corridor support services to businesses and business associations.

Eligible Uses

- façade renovations to store fronts, including costs of architectural renderings that incorporate corridor design guidelines;
- capital costs of fitting out and equipping interior spaces for new retail uses - applicants must demonstrate that the new retail businesses are consistent with the Strategy; executed leases will be required;
- capital costs of energy efficiency or conservation improvements;

- minor improvements and associated maintenance costs such as pedestrian furniture; street signs and semi-permanent banners; trees and planters; and public art;
- security equipment;
- street cleaning equipment.

G. Technology Improvements (\$2 M)

Description of Use

Enable the City to upgrade information City systems to collect and manage data on commercial corridor characteristics, and to evaluate the benefit of City investments on commercial corridors. Must meet City's capital eligibility guidelines.

Program Management:

Technology Improvements will be planned and implemented by the Mayor's Office of Information Services (MOIS) and supported by other departments, consistent with existing practices.

Trusted funds will be deposited in the Infrastructure Subaccount of the Commercial Corridors Account. Money will be requisitioned by the City to the Trustee and paid directly to a third party vendor. The money is for purely public improvements.

Recommended guidelines

Eligible Projects Criteria

- Acquire consultant services for planning and implementation, purchase hardware and software that will enable the City to upgrade information systems to:
 - collect and manage data on commercial corridor characteristics, and
 - evaluate the benefit of City investments on commercial corridors.
- Grants to non-profit entities to provide training and technical assistance to aid with the collection of data on commercial corridor characteristics.

EXHIBIT B

CULTURAL & COMMERCIAL CORRIDORS BOND

I. Cultural Corridors Program Outline

A comprehensive strategy to achieve the City's goals in positioning arts and culture as a part of Philadelphia's identity is based on addressing the capital needs of the cultural community. Investment in capital and infrastructure projects will increase both the visibility and accessibility of the City's major cultural corridors, preserve and strengthen the City's arts and culture organizations and leverage private and public funds to support these efforts.

1) **Cultural Corridors:** Cultural Corridors serve as a foundation for cultural organizations and activities. An investment in these districts supports the creation of a critical mass and is consistent with the City's investment in promoting Philadelphia.

- a) **Capital and Infrastructure** projects within the following corridors:
 - i) **Avenue of the Arts** (Potential projects include but are not limited to: Freedom Theater; Uptown Theater and Avenue improvements)
 - ii) **Benjamin Franklin Parkway** (Potential projects include but are not limited to: The Philadelphia Museum of Art and Parkway improvements)
 - iii) **Centennial District** (Potential projects include but are not limited to: The Mann Center for Performing Arts; the Philadelphia Zoo; Please Touch Museum and the 5K Loop)
 - iv) **Historic District** (Potential projects include but are not limited to: African American Museum and Independence National Historic Park)
 - v) **El Centro de Oro** and other emerging corridors (Potential projects include but are not limited to: Taller Puertorriqueño)
- b) Funding will go primarily towards city-owned buildings and infrastructure and to selected other institutions within the corridors that significantly promote City objectives.
- c) Funding will be based on demonstrated capacity, ability to leverage funds and project readiness.

Process: For organizations on sites not owned by the City, projects will be based on the above criteria and identified using an interagency process including the Office of the City Representative and Director of Commerce, the Office of the Director of Finance, the Managing Director's Office and the Mayor's Office.

2) **Capital funding for other cultural organizations.** These organizations are defined as organizations that are dedicated to creating, preserving and/or exhibiting visual, literary and performing arts, architecture, science and history. The majority of the organization's activities or budget must be arts related. Funding will be available to organizations City-wide (including those within the targeted corridors). The purpose of this funding is to support capital projects that are necessary, yet traditionally more difficult to fund. Project funding will not exceed \$250,000.

- a) Application process based on the following criteria:
 - i) **Leadership** (administrative capacity, board involvement, history in meeting goals, etc.)
 - ii) **Financial Capacity** (analysis of Form 990, active capital campaign, ability to leverage other funds, etc.)

- iii) **Planning** (master plan, project readiness, etc.)
 - iv) **General Eligibility** (nonprofit status, artistic excellence, Philadelphia residency, etc.)
 - v) **Organizational Existence** (must have been in existence for at least 3 years)
- b) Administered through the Commerce Department; a panel may be chosen to advise the Department.

Process: The Commerce Department will request an expression of interest from Philadelphia based cultural organizations and will be responsible for creating a five-person committee comprised of City Council's Chairman of the Committee on Finance, City Council's Chairman of the Special Committee on Parks, Recreation and Cultural Affairs, the Commerce Director, the Managing Director and the Finance Director, to make grant awards based on the above criteria.

II. Commercial Corridors Program Outline

The Cultural and Commercial Corridor Bond will be a primary source of funds for the City's ReStore Philadelphia Corridors program. ReStore Philadelphia Corridors implements the Economic Development Blueprint Objective of "Sustaining Advances in Neighborhood Economic Development" by revitalizing neighborhood commercial corridors throughout the City and re-establishing their historic roles as central places to shop, to work and to meet neighbors. The ReStore Philadelphia Corridors program will increase attention to and investment in neighborhood commercial corridors. The program will be funded through a portion of the Cultural and Commercial Corridor bond proceeds, as well as federal CDBG funds, state funds and General Fund dollars.

In order to make corridors more welcoming to residents and businesses, ReStore will direct significant funds to streetscape enhancements and capital improvements to neighborhood commercial corridors. The program will be carried out through three main strategies:

- 1) **Focus planning and data analysis on strengthening corridors.** Corridors will be analyzed on the basis of existing conditions, neighborhood trends and the level of planning and resources available, according to current research.
- 2) **Align and leverage community economic development resources.** Interventions such as design plans, market studies, business organizing, and technical assistance will assist organizations working on commercial corridors to create a viable corridor revitalization strategy and to access federal and/ or state funding and other resources. Corridors with viable plans and secured state and/or federal resources will receive bond proceeds to leverage these resources.
- 3) **Develop a system to attract and retain businesses on corridors.** The City will work with partners from the private and public sector to design a strategy for business attraction and retention on commercial corridors.

The Cultural and Commercial Corridor Bond will fund the following ReStore Philadelphia Corridors activities:

- 1) **Streetscape enhancements and capital improvements:** Fund enhancements and improvements, including but not limited to: street lighting; pedestrian lighting; underground utility placement; street paving and striping; public signage and wayfinding; sidewalks;

curbs; crosswalks and curb cuts; bump-outs; greening and trees; pedestrian "furniture" (benches, bike racks, etc.); public art; planning; design; architecture; and engineering studies.

2) **Acquisition pool:** Enable the City to acquire key blighted properties on corridors for commercial, mixed-used, or open space development.

3) **Targeted demolition on Commercial Corridors:** Remove blighted properties and help create parcels for commercial, mixed-used, or open space development.

4) **Targeted Redevelopment Grants:** Fund pre-development and development activities for commercial, institutional and cultural facilities that will draw people to the neighborhood commercial corridor.

5) **Acquisition Pool for Non-profit Entities:** Enable non-profit entities to acquire properties on commercial corridors for commercial or mixed-use development.

6) **Business Support:** Fund façade renovations to store fronts; fit-out expenses for commercial tenants and energy conservation improvements to commercial properties on corridors; equipment for corridor security programs.

7) **Technology Improvements:** Enable the City to upgrade information systems to collect and manage data on commercial corridor characteristics, and to evaluate the benefit of City investments on commercial corridors.

Activities funded with future indebtedness will include a Small Business Loan Guarantee Pool designed to improve access to mainstream financing for small businesses on corridors by providing a guarantee, as well as technical assistance to small businesses and neighborhood corridor management.

Bond funding for the first three program categories ("Streetscape Enhancements and Capital Improvements," "Acquisition Pool," and "Targeted Demolition on Commercial Corridors") will be directed towards selected corridors throughout the City, based upon analysis of existing conditions, neighborhood trends, and the existence of resources and plans. The type of data that the City will evaluate when making such decisions will include, but will not limited to, the following:

Existing Conditions	Neighborhood Trends	Resources + Plans
Condition of public infrastructure	Traffic and transit volume, if available	Existence of community or corridor plans and design guidelines
Size and density of commercial area	Presence of social, cultural and economic anchors	Funding commitments for planned corridor improvement projects
Condition of commercial buildings	Recent change in neighborhood demographics	Existence of corridor management organizations and business associations
Level of vacancy	Quality of Market conditions	Pending public improvement projects
Access to parking and transit		Pending private development projects

Bond funding for the remaining categories ("Targeted Redevelopment Grants"; "Acquisition Pool for Non-Profit Entities"; "Business Support," and "Technology Improvements") will be allocated based upon demand. Some project categories, such as the Acquisition Pool for Non-Profit Entities, may be managed by non-City entities in order to provide the most effective administration.

Process: The Mayor's Office will coordinate an inter-agency process including the Commerce Department, City Planning Commission, Managing Director's Office, and Office of Housing and Neighborhood Preservation to recommend appropriate projects. This strategy will be based upon the criteria above. The City will not make any expenditures within the budget categories of "Streetscape Enhancements and Capital Improvements," "Acquisition Pool" and "Targeted Demolition on Commercial Corridors" without the prior written approval of the District Councilperson elected from the district in which the money is to be spent.

All expenditures for the Program will be made pursuant to the following budget categories in amounts not in excess of the aggregate amounts set forth below.

Cultural & Commercial Corridors Bond Program Budget*	Total Program Funding
Philadelphia Cultural Corridors	
Cultural Corridors Capital Improvements	\$60 million
Avenue of the Arts	
Benjamin Franklin Parkway	
Centennial District	
Historic District	
El Centro de Oro and other emerging corridors	
Capital Funding for Other Cultural Organizations	\$5 million
Subtotal	\$65 million
Philadelphia Commercial Corridors	
Streetscape Enhancements & Capital Improvements	\$34 million
Acquisition Pool	\$6 million
Targeted Demolition on Commercial Corridors	\$2 million
Targeted Redevelopment Grants	\$8.5 million
Acquisition Pool for Non-profit Entities	\$2 million
Small Business Loan Guarantee Pool**	\$6 million
Business Support	\$4.5 million
Technology Improvements	\$2 million
Subtotal	\$65 million
Other Costs	
Other Cultural and Commercial Corridor Projects	\$15 million
Administrative Fees***	\$5 million
	\$150 million

* Each budget subcategory may be reallocated by increasing or decreasing such subcategory by ten-percent (10%) only once in each fiscal year.

** Funded with future indebtedness.

*** Includes costs of issuance and insurance.

EXHIBIT C

Cultural & Commercial Corridors Bond Program Budget*	1st Year Allocations
Philadelphia Cultural Corridors	
Cultural Corridors Capital Improvements	\$60 million
Avenue of the Arts	
Benjamin Franklin Parkway	
Centennial District	
Historic District	
El Centro de Oro and other emerging corridors	
Capital Funding for Other Cultural Organizations	\$2.5 million
Subtotal	\$62.5 million
Philadelphia Commercial Corridors	
Streetscape Enhancements & Capital Improvements	\$16 million
Targeted Redevelopment Grants	\$4 million
Acquisition Pool	\$6 million
Acquisition Pool for Non-profit Entities	\$2 million
Small Business Loan Guarantee Pool**	\$6 million
Business Support	\$1.5 million
Technology Improvements	\$1 million
Targeted Demolition on Commercial Corridors	\$1 million
Subtotal	\$37.5 million
Other Costs	
Other Cultural and Commercial Corridor Projects	\$7.5 million
Administrative Fees***	\$5 million
	\$112.5 million

* Each budget subcategory may be reallocated by increasing or decreasing such subcategory by ten-percent (10%) only once in each fiscal year.

** Funded with future indebtedness.

*** Includes costs of issuance and insurance.

EXHIBIT D
ECONOMIC OPPORTUNITY PLAN

Economic Opportunity Plan City of Philadelphia Cultural and Commercial Corridor Bond Program

I. Introduction

The Neighborhood Transformation Initiative (NTI) Economic Opportunity Plan (EOP), adopted in 2002 as a part of the original Neighborhood Transformation Initiative bond issue, addressed disadvantaged businesses participation in new business opportunities and for minorities, women and Philadelphia residents to participate in the employment created by NTI programs. In particular, attention was paid to the business and employment opportunities that created by the city-wide demolition of vacant and unsafe buildings to prepare neighborhoods for investment and revitalization.

As of August 30, 2006, the City has awarded more than \$76.7million in demolition contracts since the NTI program began in 2002.

- \$28.5 million or 37.2% of the total invested in NTI-funded demolition contracts has been awarded to minority business enterprise (MBE) firms and \$6.9 million or 8.9% to women business enterprise (WBE) firms. The City collaborated with Philadelphia Revitalization Education Program (PREP) to ensure that community residents had access to employment on demolition and construction projects funded through NTI bond proceeds. PREP worked with contractors, union representatives, and training providers to maximize employment opportunities for City residents on NTI-funded demolition projects.
- Minority employees hired under NTI-funded demolition contracts account for 72% of the hours worked. Female employees comprise 2% of the hours worked. Philadelphia residents constitute 79% of those employed and account for 82% of the hours worked.
- Working in collaboration with the African American Chamber of Commerce (AACC) and the Technical Assistance Center, the independent non-profit successor to the AACC's demolition training program, the City awarded approximately \$7.1 million in demolition contracts to emerging minority demolition contractors as of October 13, 2006. The program teaches emerging contractors to operate demolition businesses to prepare them for participation in NTI-funded and other demolition work. Sixty-six (66) companies have participated in the program so far. Of the 15 program graduates who have bid as prime contractors on NTI-funded demolition packages, 4 have been successful and have been awarded 16 contracts for a value of \$4.6 million.

It is anticipated that opportunities created by the Cultural and Commercial Corridors Bond Program “the Program” will create economic opportunities for local businesses and residents in Philadelphia neighborhoods. This Supplement addresses that opportunity by setting forth EOP requirements, identifying business and employment goals, and procedures to assure compliance.

II. Cultural Corridors Program Overview

The City, through PAID, intends to issue bonds to fund, in part, capital projects for cultural organizations most of which are located on cultural corridors in the City. The majority of work associated with this initiative will be awarded through nonprofit cultural organizations. A smaller percentage of the work will be undertaken directly by the City in accordance with standard City public procurement requirements.

III. Commercial Corridors Program Overview

The City, through PAID, intends to fund streetscape improvements, acquisition and demolition activity along select commercial corridors in neighborhoods across the City. The majority of work associated with this initiative will be awarded by the City through its competitive and negotiated processes.

IV. The Economic Opportunity Plan for Cultural and Commercial Corridors

The City, including its agents and representatives, is committed and determined to provide meaningful and substantial opportunities for minority-owned, women-owned and disabled-owned business enterprises (“M/W/DS-BEs”), and economically disadvantaged-owned business enterprises (“DBEs”), and individuals and businesses located in the various project areas. It is expected that all Program Participants make the same commitment. Through this EOP the City commits to provide substantial and meaningful employment opportunities for minorities and women in connection with the implementation of the Program.

Each Participant, their associates, partners or representative shall not discriminate on the basis of race, color, religion, sex or natural origin in the award and performance of contracts pertaining to Program projects described herein (the “Projects”), or with respect to any and all related employment practices.

The purpose, standards and procedures of this Economic Opportunity Plan (the “Plan”) are requirements of all Participants. Participants shall include consultants, construction management, prime contractors, sub-contractors and vendors of supplies, equipment and materials.

All Participants in the projects shall observe and be subject to the enforcement of all relevant City of Philadelphia, Commonwealth of Pennsylvania and federal laws, ordinances, orders, rules and/or regulations regarding M/W/DS-BE and DBE firms and locally-based business enterprises. Furthermore, affirmative action will be taken, consistent with sound procurement policies and applicable laws to ensure that M/W/DS-BE and DBE firms are afforded a meaningful and representative opportunity to participate in contracts relating to the Projects.

For the purposes of this Plan, the term “minority” shall refer to the following: black (all persons having origins in any of the Black African racial groups); Hispanic/Latino (all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin); Asian and Pacific Islander (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).

A. Contracting Requirements and Procedures

- 1. Participant EOP's** - Each Participant shall develop and submit to the City for review and approval an EOP that meets the requirements of this Plan. The form of the EOP is attached as Exhibit A to this EOP.
- 2. Scope/Duration-** This Plan requirement shall apply to contracts awarded and procurements by the City and all Participants throughout the entire length of the Project(s).
- 3. Statement of Objectives-** the Objectives set forth in the Plan shall be incorporated in all requests for proposals, bid packages, solicitations and contracts for the Projects, and communicated to all Participant levels.
- 4. Contracting Good Faith Efforts-** Each prime consultant and contractor shall use its good faith and nondiscriminatory efforts to provide joint venture partnerships and sub consulting and subcontracting opportunities for disadvantaged business enterprises (collectively, M/W/DS-DBEs) certified by the City of Philadelphia's Minority Business Enterprise Council (MBEC). For the overall program, each consultants and contractor's good faith and nondiscriminatory efforts shall be presumed if, during each phase of the project, the following levels of participation are achieved: 35% participation for M-DBEs, 12% participation for W-DBEs and 2% participation for DS-DBEs. These percentages for participation relate to the dollar value of subcontracts including add-ons, change orders and scope adjustments. Recognizing that each contract has its differences, MBEC shall review the specific scope of work and assign an appropriate range of participation. The assigned range shall be attached to each bid package prior to any advertisement for bid. Relevant portions of the NTI Economic Opportunity Plan adopted in 2002, in particular, for acquisition activities, apply to this Cultural and Commercial Corridors Bond Program.
- 5. Employment Good Faith Efforts-**Outreach efforts and training opportunities with local entities identified in the NTI Economic Opportunity Plan will continue. Participants will be required to work with local area Community Development Corporations, the monitoring consultant and representatives of the trade unions to create pre-apprenticeship opportunities for residents of the local areas. Respondents to all RFPs or bids issued by City or any other quasi-public agency or authority associated with Cultural and Commercial Corridors Bond Program shall require its contractors to make a good faith effort to employ minority and female craft persons in the construction workforce equal to goals of 43% and 7% respectively of all work hours for each skilled and semi-skilled trade. In support of local initiatives that target economic benefits to low-income persons and underemployed craft persons, Respondents shall encourage their contractors to make a good faith effort to maximize employment opportunities for apprentices and pre- apprentice craft persons with a participation goal of 25% minority and 10% female, respectively, of all first-year and other apprentices. Respondents will include these goals in all construction-related prime contracts and shall require its prime contractors to reference these goals in their commercial subcontracts. The City of Philadelphia has set as a goal the utilization of Philadelphia residents on the workforce equal to 60% of all workforce hours.

6. The Good Faith Effort requirements set forth in Paragraphs A.4. and A.5, above, shall be incorporated into any contract funded pursuant to the Program, except in cases where cultural and commercial corridor projects have been bid or contractors selected by another method approved by the City *and* those bids or selection processes are subject to other participation requirements that have already been certified by MBEC.

7. Participants shall reasonably exhaust the use of best and good faith efforts as defined hereunder to provide appropriate participation and utilization opportunities for M/W/DS-BE firms and/or DBE firms. All Project contractors and vendors will be required to do likewise, consistent with best and sound procurement practices, and with applicable law. *Best and good faith efforts* will be deemed adhered to when a Participant meets the criteria set forth in this section and applicable law that demonstrates and documents its efforts throughout the length of the Projects. If the established ranges for inclusion of M/W/DS-BE and/or DBE firms are not met, a Participant must submit a Subcontracting/Vendor Plan showing how *best and good faith efforts* were made to achieve said ranges. This plan must include, but not be limited to, the following:

- Written request for assistance to the City three (3) business days prior to the bid due date,
- Solicitation through newspapers, periodicals advertisements, and job fairs, etc. that focus on construction and are minority-owned and/or focused,
- Telephone logs,
- Evidence of solicitation to qualified and MBEC certified M/W/DS-BE and/or DBE firms,
- Bid results and reasons as to why no awards were made to M/W/DS-BE and/or DBE firms,
- Use of City/MBEC-certified business firms to identify M/W/DS-BE firms and the PA UCP directory to identify DBE firms,
- Correspondence between contracting firm and any M/W/DS-BE and/or DBE firms,
- Attendance logs and/or records of any scheduled pre-bid or pre-proposal meeting,
- Specific, general and technical assistance offered and provided to M/W/DS-BE and DBE firms related to their portion of the project, and
- Proof there was notification of and access to bid documents at company or other office locations for open and timely review.

8. Monitoring Best and Good Faith Efforts- City requirements relative to monitoring of *best and good faith efforts* of Participants engaged in the Projects shall be established by the City in consultation with appropriate city, state and federal agencies and/or private professional entities to include (in addition to further measures as may be required) the following:

- Participants shall submit copies of signed contracts and purchase orders with M/W/DS-BE and/or DBE subcontractors.
- Participants shall be ready to provide evidence of payments to their subcontractors, sub-consultants and supply vendors for participation verification, and agrees to fully comply with the City's payment reporting process which may include the use of electronic payment verification systems such as IMPACT (Invoicing Minority Participation and Compliance Tracking). This documentation should be provided monthly or included with every request for payment to Contractors.

- At the conclusion of work, the Subcontractor shall provide a statement or other evidence of the actual dollar amounts paid to M/W/DS-BE and/or DBE subcontractors.
- All On-site Contractors shall be prepared to submit "certified" payrolls listing the following items for all on-site employees:
 - a) Full name
 - b) Social Security number
 - c) Full address
 - d) Trade classification (e.g., laborer, carpenter, apprentice, electrician, plumber, and foreman)
 - e) Gender
 - f) Race
 - g) Hours worked
 - h) All withholding (e.g., laborer, local, state, FICA, etc.)
 - i) Name of Contractor and Indication of Prime for Subcontractors
 - j) Name of Project
- Certified payroll reports shall be signed by an authorized company officer.
- Participants shall comply with all applicable requirements of any federal, state or local law ordinance or regulation relating to contract and payroll compliance.

9. Documentation of Best and Good Faith Efforts and Compliance - Two requirements have been established to assure the inclusion of M/W/DS-BE firms, (and DBE firms as applicable under federal law) as contractors and vendors, and minority /female/local residents as Project site workforce participants:

- M/W/DS-BE contracting and vending participation levels: the basis for each determination will be the total dollar amount of the bid/contract OR the total dollar amount of the bid/contract for the identified Project task.
- Minority/Female/Local Resident Employment Participation Levels: the basis for each determination will be the projected total on-site field employee hours divided by the number of minority, female and local residents' employee hours anticipated to be performed on the Contractor's payroll, and each of the Contractor's on-site subcontractors payrolls.

10. Oversight Committee - The City will establish a Program Oversight Committee that may include representatives from the City, the Developer and/or the General Contractor and Construction Manager, Minority Business Enterprise Council, City Council, community organizations and the Building Trades. Participants will engage in monitoring, reporting and problem solving activities which are to include regular meetings to address all matters relevant to further development of the Plan, carrying out its implementation and the successful completion of the Project. A meeting of the Oversight Committee shall be called by the City in its discretion, at an appropriate time upon the initiation of the Projects and shall meet on a regular basis during all phases of the Project.

11. Certified M/W/DS-BE Firms

- Only businesses that are owned managed and controlled, in both form and substance, as M/W/DS-BE firms, and DBEs, shall fulfill the participation goals of the Economic Opportunity Plan for these Projects. To ensure this standard, all businesses, including joint ventures, must be certified by the Philadelphia Minority Business Enterprise Council (MBEC), or certifying participants of the Pennsylvania Unified Certification Program (UCP) for federal DBE certification. MBEC is a certifying participant of the PA UCP.
- M/W/DS-BE, and DBE certification should not be the sole determination of a Bidder's or Contractor's financial or technical ability to perform specified work. The City reserves the right to evaluate the Contractor's or Subcontractor's ability to satisfy financial, technical, or other criteria separate and apart from said certifications before bid opening. Pre-qualification conditions and requirements shall be conveyed in a fair, open
- The City recognizes that M/W/DS-BE, and DBE certifications may expire or the firm may experience de-certification by an authorized governmental entity. Certifications that expire during a firm's participation on a particular phase of the Projects may be counted toward overall goals for participation ranges. However, said firm MUST become re-certified prior to consideration for future goal credit in the Project's Plan. If a firm has been de-certified, said firm would not be eligible to participate.
- An M/W/DS-BE and/or DBE submitting as the prime contractor is required, like all other Participants, to submit a bid and/or RFP that is responsive to the Reauthorized Executive Order 02-05, and applicable law, and will only receive credit, in its certification category, for the amount of its own work or supply effort on the specified work in the bid and or RFP. In order to maximize opportunities for as many businesses as possible, a firm that is credited in two or more categories (e.g. MBE and WBE, or WBE and DSBE) will only receives credit as either an MBE or WBE or DSBE. The firm will not be credited toward more than one category. Bidders/Respondents will note with their submission which category, MBE or WBE or DSBE, is submitted for credit.

12. Non-Compliance

- In cases where the City has cause to believe that a Participant, acting in good faith, has failed to comply with the provisions of the Plan, the City and/or the Oversight Committee, with the assistance and consultation of the appropriate agencies and professional entities, shall attempt to resolve the noncompliance through conciliation and persuasion.
- In conciliation, the Participant must satisfy the City and the Oversight Committee that they have made their *best and good faith efforts* to achieve the agreed upon participation goals by certified M/W/DBE and DBE firms. *Best and good faith efforts* on the part of the Participant/Contractor include:
 - a) Entering into a contractual relationship with the designated M/W/DBE and/or DBE firm in a timely, responsive and responsible manner, and fulfilling all contractual requirements, including payments, in said manner.
 - b) Notifying all parties, including the City, the M/W/DS-BE and/or DBE firm, the Oversight Committee and all relevant Participants, of any problems in a timely manner.

- c) Requesting assistance from the City and/or the Oversight Committee in resolving any problems with any M/W/DS-BE and/or DBE firm.
 - d) Making every reasonable effort to appropriately facilitate successful performance of contractual duties by an M/W/DS-BE and/or DBE firm through timely, clear and direct communications.
- In cases where the City and/or the Oversight Committee have cause to believe that any Participant has failed to comply with the provisions of the Plan, they shall conduct an investigation.
 - After affording the Participant notice and an opportunity to be heard, the City and/or the Oversight Committee are authorized to take corrective, remedial and/or punitive action. Such actions may include, but are not limited to:
 - a) Declaring the Participant as non-responsible and/or non-responsive, with a determination as ineligible to receive the award of a contract, continue a contract and/or ineligible for any other future contracts affiliated with this Plan;
 - b) Suspending the violating Participant from doing business with the City;
 - c) Withholding payments to the violating Participant; and/or
 - d) Pursuing and securing any relief which the City and/or the Oversight Committee may deem to be necessary, proper, and in the best interest of the City and the Project, consistent with applicable policy and law.
 - A Participant may appeal a determination of non-compliance with this Plan by filing a written grievance with the City and/or its Oversight Committee.
 - Within five (5) working days the city and/or the Oversight Committee shall issue and serve a written notice/determination, together with a copy of the grievance as filed, to all persons named in the grievance.

B. Reporting and Project Performance

Over the three year term of the program, the City of Philadelphia, through its departments and agencies, will prepare quarterly reports of employment and contracting activities for the Cultural and Commercial Corridors Bond Program which provide the following information:

1. Utilization of M/W/DS-DBEs and commitments made with such businesses;
2. The hiring and employment of minorities and females.
3. The hiring and employment of Philadelphia residents
4. The training programs utilized and the placement rates.

Additionally, the City of Philadelphia acknowledges the value of project monitoring and therefore will develop and work with an Oversight Committee to monitor overall compliance and achievement of the project objectives as defined in this Economic Opportunity Plan.

The City of Philadelphia will continue to keep, and require all prime contractors and consultants to keep such records and to file such reports relating to the provisions of this Economic Opportunity Plan as may be reasonably necessary to document compliance with the Plan. The City of Philadelphia, through the Office of Housing and Community Development has contracted with and will continue to work with the Greater Philadelphia Urban Affairs Coalition (GPUAC) to assist in the monitoring and reporting of employment performance with respect to

this Plan.

The City, its departments and agencies, contractors, consultants, and to ensure maximum opportunities not necessarily identified in this Plan. The City of Philadelphia and its agencies and authorities and its grantees agree to work with all contractors to submit to the GPUAC manpower utilization projections for all work associated with this initiative.

V. Commercial Corridor Contracting and Employment Opportunities

A. Commercial Corridor Demolition Opportunities

The City of Philadelphia has budgeted \$2 million for the demolition of structures along commercial corridors. The City of Philadelphia anticipates packaging the demolition bids in various sizes and to award by geographic areas of the City. The various package sizes will allow for bidding by both large and small contractors. Additionally, the following ancillary contracting opportunities will be available during demolition:

1. Asbestos Inspections – Professional services contracts for services to be performed per structure prior to demolition. Each inspection will also require an asbestos report. Contracts are awarded through the Department of Licenses & Inspections.
2. Air Monitoring – Professional services contracts for air quality services to be performed during demolition. The license for this service is issued by the City of Philadelphia Health Department. Contracts are awarded through the Capital Programs Office and the Department of Licenses and Inspections.
3. Asbestos Removal – Typically this function is included in the competitively bid demolition package and is considered a subcontractable item. The number of structures requiring asbestos removal will be determined upon completion of the asbestos inspection.
4. Cement-Stucco Finish – The stucco function is largely a subcontracted item, requiring the services of plaster apprentices as well as plaster journeymen to erect, maintain and disassemble scaffolding and to apply wire mesh and stucco finishes.
5. Sealing of Abandoned Laterals – This requires the services of a Registered Master Plumber and includes the sealing of sewer pipes and cement work for the subsequent repair of pavements.

The following have been identified as activities necessary to fulfill the specifications for commercial demolition along corridors. It is anticipated that the prime contractor will subcontract for these activities:

- (1) Top Soil and Fill (material supply)
- (2) Cement/Stucco (material supply)
- (3) Equipment Rental (i.e., cranes, backhoes, trucks, etc.)
- (4) Hauling – requires the trucking of debris from the demolition site to designated and authorized waste sites.
- (5) Grinding & Compacting Equipment – needed to recycle bricks and other material that may be used as backfill.

Employment opportunities identified during these aforementioned phases include but are not limited to:

- (a) Operating Engineers
- (b) Laborers
- (c) Plumbers
- (d) Cement Masons
- (e) Plasterers
- (f) Roofers
- (g) Carpenters

B. Streetscape Enhancements and Capital Improvements

It is proposed that \$34 million of the bond proceeds will support streetscape enhancements and capital improvements along commercial corridors across the City. Many of the contract and employment opportunities associated with commercial corridors have been identified and are fully funded i.e., neighborhood commercial corridor streetscape reconstruction. MBEC has proposed the following goals for MBEC-certified streetscape work along cultural and commercial corridors and streetscape enhancements associated with the cultural corridors program:

	MBE %	WBE %	DSBE %
• Security	10-15	2-5	0
• Lighting	15-20	10-15	2-5
• Landscaping	25-30	15-20	0
• Sidewalks	10-15	5-10	0
• Crosswalks	20-25	15-20	0
• Signage	15-20	10-15	0
• Public Art	5-10	5-10	0
• Planning and Designing	30-40	25-30	0
• Engineering	35-45	30-40	0

The City of Philadelphia, through its agents and representatives, will ensure that these goals are included in all streetscape related prime contracts and require the prime contractors to reference these goals for all sub consultants and subcontractors.

C. Land Acquisition

It is the desire of the City to assemble parcels of land for conveyance or sale along commercial corridors. In connection with this activity, the following business opportunities have been identified:

- (a) Title Searches – Approximately 50 to 100 units will require title searches and the accompanying title report. This presents business opportunities for search firms and attorneys.
- (b) Appraisals – This function will guide the City in determining land values upon completion of the title search. Approximately 50 to 100 units per year will require appraisals.

Additional economic opportunity associated with the cultural corridor program will be defined on a project specific basis. It is contemplated that this Supplement will be amended as other contracting opportunities are identified.

Exhibit A

Economic Opportunity Plan

I. Project and Plan Introduction

The project consists of the building of _____ (referred to hereafter as the “Project”) for _____ (referred to hereafter as the “Owner”) on parcels of ground located at _____ in the City of Philadelphia, Pennsylvania. The purpose, standards and procedures of this Economic Opportunity Plan (referred to hereafter as the “Plan”) are the expressed wishes of the Owner as set forth herein. Participants shall include consultants, construction management, prime contractors, sub-contractors and vendors of supplies, equipment and materials. All participants will be obligated to fully comply with the requirements of the Plan.

The Owner is committed to provide meaningful and representative opportunities for minority-owned, women-owned and disabled-owned business enterprises, and economically disadvantaged-owned business enterprises (collectively referred to hereafter as “M/W/DS-BEs”) and individuals that are locally based in all phases of the Project. It is expected all Participants make the same commitment. Each Participant shall not, and furthermore, shall ensure that their associates, partners or representatives shall not, discriminate on the basis of race, color, religion, sex or natural origin in the award and performance of contracts pertaining to the Project or with respect to any and all related employment practices.

All participants in the Project shall observe and be subject to the enforcement of all relevant City of Philadelphia, Commonwealth of Pennsylvania and federal laws, ordinances, orders, rules and/or regulations regarding M/W/DS-BE firms and locally-based business enterprises. Furthermore, affirmative action will be taken, consistent with sound procurement policies and applicable laws to ensure that M/W/DS-BE firms are afforded a meaningful and representative opportunity to participate in contracts relating to the Project.

For the purposes of this Plan, the term “minority” shall refer to the following: black (all persons having origins in any of the Black African racial groups); Hispanic/Latino (all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin); Asian and Pacific Islander (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).

Agencies and representatives of the City of Philadelphia and/or Commonwealth of Pennsylvania may be consulted regarding the appropriate inclusion of M/W/DS-BE firms and socially/economically disadvantaged professionals in this Project as outlined in this Plan and with regard to its implementation.

II.Procedures for Determination

A. Scope/Duration. This Plan shall apply to contracts awarded and procurements by the Owner and all Participants throughout the entire length of the Project.

B.Statement of Objectives. The Objectives set forth in the Plan shall be incorporated in all requests for proposals, bid packages and solicitations for the Projects and communicated to all Participant levels.

C. Good Faith Efforts. Participants shall reasonably exhaust the use of best and good faith efforts as defined hereunder to provide appropriate participation and utilization opportunities for M/W/DS-BE firms. All Project contractors and vendors will be required to do likewise, consistent with best and sound procurement practices, and with applicable law. *Best and good faith efforts* will be deemed adhered to when a Participant meets the criteria set forth in this section and demonstrates and documents its efforts throughout the length of the Project. If the established ranges for inclusion of M/W/DS-BE firms are not met, a Participant must submit a Subcontracting/Vendor Plan showing how *best and good faith efforts* were made to achieve said ranges. This plan must include, but not be limited to, the following:

- Written request for assistance to the Owner three (3) business days prior to the bid due date.
- Solicitation through newspapers, periodicals advertisements, job fairs, etc. that focus on construction and are minority-owned and/or focused.
- Telephone logs.
- Evidence of solicitation to qualified and MBEC certified M/W/DS-BE firms.
- Bid results and reasons as to why no awards were made to M/W/DS-BE firms.
- Use of City/MBEC-certified business firms via their directory.
- Correspondence between contracting firm and any M/W/DS-BE firms.
- Attendance logs and/or records of any scheduled pre-bid or pre-proposal meeting
- Specific, general and technical assistance offered and provided to M/W/DS-BE firms related to their portion of the project.
- Proof there was notification of and access to bid documents at company or other office locations for open and timely review.

D. Monitoring of Best and Good Faith Efforts. Owner requirements relative to monitoring of *best and good faith efforts* of Participants engaged in the Project shall be established by the Owner in consultation with appropriate city, state and federal agencies and/or private professional entities to include (in addition to further measures as may be required) the following:

1) Participants shall submit copies of signed contracts and purchase orders with M/W/DS-BE subcontractors.

2) Participants shall be ready to provide evidence of payments to their subcontractors, sub-consultants and supply vendors for participation verification. This documentation should be provided monthly or included with every request for payment to Contractors.

3) At the conclusion of work, the Subcontractor shall provide a statement or other evidence of the actual dollar amounts paid to M/W/DS-BE subcontractors.

4) All On-site Contractors shall be prepared to submit "certified" payrolls listing the following items for all on-site employees:

1. Full name
2. Social Security number
3. Full address
4. Trade classification (e.g., laborer, carpenter, apprentice, electrician, plumber, and foreman)
5. Gender
6. Race
7. Hours worked
8. All withholding (e.g., laborer, local, state, FICA, etc.)
9. Name of Contractor and Indication of Prime for Subcontractors
10. Name of Project

5) Certified payroll reports shall be signed by an authorized company officer.

6) The Participant shall comply with all applicable requirements of any federal, state or local law ordinance or regulation relating to contract and payroll compliance.

E. Documentation of *Best and Good Faith Efforts and Compliance*. Two components have been established to facilitate the inclusion of M/W/DS-BE firms as contractors and vendors, and minority /female/local residents as Project site workforce participants:

1. **M/W/DS-BE contracting and vending participation levels:** the basis for each determination will be the total dollar amount of the bid/contract OR the total dollar amount of the bid/contract for the identified Project task.

2. **Minority/Female/Local Resident Employment Participation Levels:** the basis for each determination will be the projected total on-site field employee hours divided by the number of minority, female and local residents' employee hours anticipated to be performed on the Contractor's payroll, and each of the Contractor's on-site subcontractors payrolls.

F. Oversight Committee The Owner, in consultation with the appropriate agencies and entities, will establish and identify the members of a Project Oversight Committee, including representatives from the Owner, the Developer and/or the General Contractor and Construction Manager, Minority Business Enterprise Council, City Council, community organizations and the Building Trades. Participants will engage in monitoring, reporting and problem solving activities which are to include regular meetings to address all matters relevant to further development of the Plan, carrying out its implementation and the successful completion of the Project.

A meeting of the Oversight Committee shall be called by the Owner within one (1) month of the initiation of this Project and shall meet on a regular basis during all phases of the Project. Participants will engage in monitoring, reporting and problem solving activities which are to include regular meetings to address all matters relevant to further development of the Plan, carrying out its implementation and the successful completion of the Project.

III. Certified M/W/DS-BE Firms

A. Only businesses that are owned, managed and controlled, in both form and substance, as M/W/DS-BE firms shall participate in this Project's Economic Opportunity Plan. To ensure this standard, all businesses, including joint ventures, must be certified by the Philadelphia Minority Business Enterprise Council (MBEC) or members of the Pennsylvania Unified Certification Program (UCP). Both agencies are authorized to certify such enterprises.

B. M/W/DS-BE certification should not be the sole determination of a Bidder's or Contractor's financial or technical ability to perform specified work. The Owner reserves the right to evaluate the Contractor's or Subcontractor's ability to satisfy financial, technical, or other criteria separate and apart from said certifications before bid opening. Pre-qualification conditions and requirements shall be conveyed in a fair, open and non-discriminatory manner to all.

C. The Owner recognizes that M/W/DS-BE certifications may expire or the firm may experience de-certification by an authorized governmental entity. Certifications that expire during a firm's participation on a particular phase of the Project may be counted toward overall goals for participation ranges. However, said firm **MUST** become re-certified prior to consideration for future goal credit in the Project's Plan. If a firm has been de-certified, said firm would not be eligible to participate.

IV. Non-Compliance

A. In cases where the Owner has cause to believe that a Participant, acting in good faith, has failed to comply with the provisions of the Plan, the Owner and/or the Oversight Committee, with the assistance and consultation of the appropriate agencies and

professional entities, shall attempt to resolve the noncompliance through conciliation and persuasion.

B. In conciliation, the Participant must satisfy the Owner and the Oversight Committee that they have made their *best and good faith efforts* to achieve the agreed upon participation goals by certified M/W/DBE firms. *Best and good faith efforts* on the part of the Participant/Contractor include:

- 1) Entering into a contractual relationship with the designated M/W/DBE firm in a timely, responsive and responsible manner, and fulfilling all contractual requirements, including payments, in said manner.
- 2) Notifying all parties, including the Owner, the M/W/DS-BE firm, the Oversight Committee and all relevant Participants, of any problems in a timely manner.
- 3) Requesting assistance from the Owner and/or the Oversight Committee in resolving any problems with any M/W/DS-BE firm.
- 4) Making every reasonable effort to appropriately facilitate successful performance of contractual duties by a M/W/DS-BE firm through timely, clear and direct communications.

C. In cases where the Owner and/or the Oversight Committee has cause to believe that any Participant has failed to comply with the provisions of the Plan, they shall conduct an investigation.

D. After affording the Participant notice and an opportunity to be heard, the Owner and/or the Oversight Committee are authorized to take corrective, remedial and/or punitive action. Such actions may include, but are not limited to:

- 1) Declaring the Participant as non-responsible and/or non-responsive, with a determination as ineligible to receive the award of a contract, continue a contract and/or ineligible for any other future contracts affiliated with this Plan;
- 2) **Suspending the violating Participant from doing business with the Owner;**
- 3) Withholding payments to the violating Participant; and/or
- 4) Pursuing and securing any relief which the Owner and/or the Oversight Committee may deem to be necessary, proper, and in the best interest of the Owner and the Project, consistent with applicable policy and law.

E. A Participant may appeal a determination of non-compliance with this Plan by filling a written grievance with the Owner and/or its Oversight Committee.

F. Within five (5) working days the Owner and/or the Oversight Committee shall issue and serve a written notice/determination, together with a copy of the grievance as filed, to all persons named in the grievance.

V. Participation Goals and Ranges

The following employment goals have been set for the Project:

Employment	Empowerment Zone Resident	Minorities	Females	Disabled
Construction Workforce	20%	30%	5%	0%
Permanent Workforce				
- Hourly	40%	40%	30%	2%
- Management	20%	25%	35%	2%

The following contract ranges have been set for the Project:

	Minority	Female	Disabled
Contracts	Owned	Owned	Owned
Professional Services	25-30%	15-20%	2-5%
Construction Contractors	25-30%	15-20%	2-5%
Operational Service Providers	25-30%	15-20%	2-5%

VI. Guidelines for Joint Venturing

Joint Venture relationships with certified M/W/DS-BE firms must meet the following criteria in order to receive credit towards participation goals:

- A.** The M/W/DS-BE partner(s) must be certified by MBEC, UCP or a qualified governmental agency authorized by law to certify such enterprises prior to proposal/bid submission.
- B.** The M/W/DS-BE partner(s) must be substantially involved in significant phases of the contract including, but not limited to, the performance (with its own work force) of a portion of the on-site work, and of administrative responsibilities, such as bidding, planning, staffing and daily management.
- C.** The business arrangements must be customary (i.e., each partner shares in the risk and profits of the joint venture commensurate with their respective ownership interests).

D. If a certified partner is an MBE, WBE or DSBE, the participation will be credited only to the extent of the partner's ownership interest in the joint venture; there will remain a requirement to meet M/W/DS-BE goals.

City of Philadelphia

BILL NO. 060692

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on October 26, 2006. The Bill was Signed by the Mayor on November 6, 2006.

A handwritten signature in black ink, reading "Patricia Rafferty". The signature is written in a cursive, flowing style.

Patricia Rafferty
Chief Clerk of the City Council