



## Legislation Text

**File #: 030335-A, Version: 1**

Authorizing the Commissioner of Public Property of the City of Philadelphia, on behalf of the City and in cooperation with the Philadelphia Municipal Authority, to undertake a Project to promote the health, safety and welfare of the residents of the City of Philadelphia; authorizing and approving (i) the Project, (ii) the entering into, execution and delivery of a Lease between the City of Philadelphia and the Philadelphia Municipal Authority, (iii) the issuance by the Philadelphia Municipal Authority of bonds in one or more series, to pay the costs of the Project, (iv) the assignment of the Lease by the Philadelphia Municipal Authority to a trustee, and (v) the obligation of the City of Philadelphia to pay rent under the Lease when due; authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into the Lease with the Philadelphia Municipal Authority; authorizing the Director of Finance and other officers of the City of Philadelphia to take such other actions as may be necessary or appropriate to accomplish the intent and purpose of this Ordinance; covenanting that the City of Philadelphia will make necessary appropriations in each of the City's fiscal years to provide for rental payments due under the Lease; and covenanting that the City of Philadelphia will make rental payments due under the Lease; all under certain terms and conditions.

WHEREAS, In order to provide for the health, safety and well being of the citizens of the City of Philadelphia (the "City") it was necessary for the City to undertake a project (the "1984 Project") consisting of the acquisition, construction and equipping of detention and correctional facilities and parking improvements on certain real estate situated at 8301 State Road, Philadelphia, to house and provide services to the prison population of the City (the "Philadelphia Industrial Correctional Center Facility"); and

WHEREAS, The Philadelphia Municipal Authority (the "Authority") by the issuance of sixty-four million five hundred thousand (64,500,000) dollars of its bonds (the "1984 Bonds") financed the 1984 Project; and

WHEREAS, In order to induce the Authority to cause the acquisition, construction and equipping of the Philadelphia Industrial Correctional Center Facility, the City leased the Philadelphia Industrial Correctional Center Facility from the Authority pursuant to a lease (the "1984 Lease") between the Authority and the City wherein the City agreed to pay a rental sufficient to pay (i) the principal of, premium, if any, and interest on the 1984 Bonds, (ii) the obligations of the Authority to be incurred under a reimbursement agreement with a letter of credit bank pursuant to which a letter of credit was issued to pay the debt service on the 1984 Bonds and (iii) the costs of the Authority incurred in connection with the issuance of the 1984 Bonds, the 1984 Lease and the Philadelphia Industrial Correctional Center Facility and the transactions contemplated therein; and

WHEREAS, The Authority by the issuance of sixty-six million five hundred thousand (66,500,000) dollars of its bonds (the "1987 Bonds") refunded the 1984 Bonds; and

WHEREAS, In order to induce the Authority to refund the 1984 Bonds, the City and the Authority terminated the 1984 Lease and the City leased the Philadelphia Industrial Correctional Center Facility from the Authority pursuant to a new lease (the "1987 Lease") between the Authority and the City wherein the City agreed to pay a rental sufficient to pay (i) the principal of, premium, if any, and interest on the 1987 Bonds, (ii) the obligations of the Authority to be incurred under a reimbursement agreement with a letter of credit bank pursuant to which a letter of credit was issued to pay the debt service on the 1987 Bonds and (iii) the costs of

the Authority incurred in connection with the issuance of the 1987 Bonds, the 1987 Lease and the Philadelphia Industrial Correctional Center Facility and the transactions contemplated therein; and

WHEREAS, The Authority by the issuance of seventy-one million six hundred and fifteen thousand (71,615,000) dollars of its bonds (the “1993D Bonds”) refunded the 1987 Bonds; and

WHEREAS, In order to induce the Authority to refund the 1987 Bonds, the City and the Authority terminated the 1987 Lease and the City leased the Philadelphia Industrial Correctional Center Facility from the Authority pursuant to a new lease (the “1993 Lease”) between the Authority and the City wherein the City agreed to pay a rental sufficient to pay (i) the principal of, premium, if any, and interest on the 1993D Bonds and (ii) the costs of the Authority incurred in connection with the issuance of the 1993D Bonds, the 1993 Lease and the Philadelphia Industrial Correctional Center Facility and the transactions contemplated therein; and

WHEREAS, in order to provide for the health, safety and well being of the citizens of the City, it was necessary for the City to undertake a project (the “1986 Project”) consisting of the acquisition of a fee interest in certain real estate situated at 1301 Filbert Street, Philadelphia (the “Filbert Street Property”) and the construction and equipping of a proposed Criminal Justice Center, including court, detention, correction and rehabilitation facilities on the Filbert Street Property, certain demolition of buildings thereon and the architectural design of the Criminal Justice Center (the “Original Criminal Justice Center Facility”); and

WHEREAS, The Authority by the issuance of one hundred sixty-five million (165,000,000) dollars of its bonds (the “1986 Bonds”) financed the 1986 Project; and

WHEREAS, In order to induce the Authority to cause the acquisition, construction and equipping of the Original Criminal Justice Center Facility, the City leased the Original Criminal Justice Center Facility from the Authority pursuant to a lease (the “1986 Lease”) between the Authority and the City wherein the City agreed to pay a rental sufficient to pay (i) the principal of, premium, if any, and interest on the 1986 Bonds, (ii) the obligations of the Authority to be incurred under a reimbursement agreement with a letter of credit bank pursuant to which a letter of credit was issued to pay the debt service on the 1986 Bonds and (iii) the costs of the Authority incurred in connection with the issuance of the 1986 Bonds, the 1986 Lease and the Original Criminal Justice Center Facility and the transactions contemplated therein; and

WHEREAS, The Authority by the issuance of one hundred seventy million (170,000,000) dollars of its bonds (the “1988 Bonds”) refunded the 1986 Bonds; and

WHEREAS, In order to induce the Authority to refund the 1986 Bonds, the City and the Authority terminated the 1986 Lease and the City leased the Original Criminal Justice Center Facility from the Authority pursuant to a new lease (the “1988 Lease”) between the Authority and the City wherein the City agreed to pay a rental sufficient to pay (i) the principal of, premium, if any, and interest on the 1988 Bonds and (ii) the costs of the Authority incurred in connection with the issuance of the 1988 Bonds, the 1988 Lease and the Original Criminal Justice Center Facility and the transactions contemplated therein; and

WHEREAS, The Authority by the issuance of fifty-four million five hundred forty thousand (54,540,000) dollars of its bonds (the “1993C Bonds”) refunded a portion of the 1988 Bonds; and

WHEREAS, the 1993C Bonds are secured by the City’s rental payments under the 1988 Lease; and

WHEREAS, In order to provide for the health, safety and well being of the citizens of the City, it was

necessary to undertake a project (the “1991 Project”) consisting of (a) the construction of a new Criminal Justice Center, including court rooms, judges’ chambers, offices and court holding facilities on the Filbert Street Property; (b) the acquisition of furniture and equipment for use in connection with the new Criminal Justice Center (together with (a) and the Original Criminal Justice Center Facility, the “Criminal Justice Center Facility”); (c) the acquisition of a fee interest in certain real property situated at 7901 State Road, Philadelphia (the “Curran-Fromhold Correctional Facility Property”); (d) the construction on the Curran-Fromhold Correctional Facility Property of a prison complex, including a 500 cell/1000 bed detention center and central food service facility; and (e) the acquisition of furniture and equipment for use in connection with (d) (together with the Curran-Fromhold Correctional Facility Property and (d), the “Curran-Fromhold Correctional Facility”); and

WHEREAS, The Authority by the issuance of two hundred twenty-four million (224,000,000) dollars of its bonds (the “1991 Bonds”) in three series (the “1991A Bonds,” the “1991B Bonds” and the “1991C Bonds”) financed the 1991 Project; and

WHEREAS, In order to induce the Authority to cause the acquisition, construction and equipping of the 1991 Project, the City leased the Criminal Justice Center Facility and the Curran-Fromhold Correctional Facility from the Authority pursuant to a lease (the “1991 Lease”) between the Authority and the City, subject to the 1988 Lease, wherein the City agreed to pay a rental sufficient to pay (i) the principal of, premium, if any, and interest on the 1991 Bonds and (ii) the costs of the Authority incurred in connection with the issuance of the 1991 Bonds, the 1991 Lease, the Criminal Justice Center Facility and the Curran-Fromhold Correctional Facility and the transactions contemplated therein; and

WHEREAS, The Authority by the issuance of one hundred seventy-nine million eight hundred ninety-five thousand (179,895,000) dollars of its bonds in two series (the “1993A Bonds” and the “1993B Bonds”) refunded the 1991B Bonds and the 1991C Bonds; and

WHEREAS, the 1993A Bonds and the 1993B Bonds are secured by the City’s rental payments under the 1991 Lease; and

WHEREAS, In order to provide for the health, safety and well being of the citizens of the City, the City will undertake a project (the “Project”) consisting of (a) the refunding of the 1991A Bonds, the 1993A Bonds, the 1993B Bonds, a portion of the 1993C Bonds and the 1993D Bonds (collectively, the “Prior Bonds”); (b) paying costs of issuance for the 2003 Bonds (defined hereafter); and (c) the leasing of the Curran-Fromhold Correctional Facility, the Philadelphia Industrial Correctional Center Facility, and the Criminal Justice Center Facility from the Authority to the City; and

WHEREAS, The Authority by the issuance of not more than two hundred fifty-five million (255,000,000) dollars of its bonds (the “Bonds”) in two series (the “2003A Bonds” and the “2003B Bonds”) will finance the Project; provided that, if any of the Bonds are to be sold at discounts, which are in lieu of periodic interest, the aggregate principal amount of Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Bonds shall not exceed two hundred fifty-five million (255,000,000) dollars, plus accrued interest, if any; and

WHEREAS, In order to induce the Authority to finance the Project, the City will lease the Project from the Authority pursuant to a new lease (the “2003 Lease”) between the Authority and the City, subject to the 1988 Lease and the 1991 Lease, wherein the City will agree to pay a rental, solely out of its current revenues, in an amount sufficient to pay the principal of, premium, if any, and interest on the 2003 Bonds and administrative

expenses of the Authority incurred in connection with the Project, including any arbitrage rebate payments due to the United States Treasury with respect to the Prior Bonds or the 2003 Bonds; and

WHEREAS, upon the issuance of the 2003A Bonds, the City and the Authority will terminate the 1993 Lease; and

WHEREAS, upon the issuance of the 2003B Bonds, the City and the Authority will terminate the 1991 Lease; provided however, that until such termination, the 2003 Lease shall be under and subject to the 1991 Lease; and

WHEREAS, upon the payment of the 1993C Bonds maturing on April 1, 2007, the City and the Authority will terminate the 1988 Lease; provided however, that until such termination, the 2003 Lease shall be under and subject to the 1988 Lease; and

WHEREAS, the Council of the City of Philadelphia has, by this Ordinance, determined that it is in the best interests of the City to authorize and approve (i) the Project; (ii) the execution and delivery the 2003 Lease by and between the City and the Authority; (iii) the issuance by the Authority of its bonds, in one or more series, to pay the costs of the Project; (iv) the assignment of the 2003 Lease by the Authority to Wachovia Bank, National Association, as trustee, or its successor (the "Trustee"); and (v) the obligation of the City to pay rent under the 2003 Lease. *NOW, THEREFORE,*

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. The Council of the City of Philadelphia (the "City" or "Council") hereby authorizes and approves (i) a project (the "Project") consisting of (a) the refunding of 1991A Bonds, the 1993A Bonds, the 1993B Bonds, a portion of the 1993C Bonds and the 1993D Bonds (collectively, the "Prior Bonds") of The Philadelphia Municipal Authority (the "Authority"); (b) paying costs of issuance for the Authority's 2003 Bonds (defined hereafter); and (c) the leasing from the Authority to the City of (I) the detention and correctional facilities and parking improvements on certain real estate situated at 8301 State Road, Philadelphia, to house and provide services to the prison population of the City (the "Philadelphia Industrial Correctional Center Facility"), (II) the Criminal Justice Center, including any furniture and equipment thereon and improvements thereto, on certain real estate situated at 1301 Filbert Street, Philadelphia (the "Criminal Justice Center Facility"), and (III) the detention and correctional facilities and parking improvements on certain real estate situated at 7901 State Road, Philadelphia, to house and provide services to the prison population of the City (the "Curran-Fromhold Correctional Facility"), and (ii) the issuance by the Authority of its Lease Revenue Refunding Bonds, 2003 Series A in an aggregate principal amount not to exceed \$85,000,000 (the "2003A Bonds") and its Lease Revenue Refunding Bonds, 2003 Series B in an aggregate principal amount not to exceed \$170,000,000 (the "2003B Bonds," and together with the 2003A Bonds, the "Bonds"), pursuant to a Trust Indenture (the "Indenture") between the Authority and Wachovia Bank, National Association as trustee, (the "Trustee") to finance the Project; provided that, if any of the Bonds are to be sold at discounts, which are in lieu of periodic interest, the aggregate principal amount of Bonds which may be issued hereunder shall be increased to reflect such discounts, as long as the aggregate gross proceeds to the City from the sale of the Bonds shall not exceed two hundred fifty-five million (255,000,000) dollars, plus accrued interest, if any; (iii) the execution and delivery of a Lease dated as of July 1, 2003 (the "2003 Lease"), substantially in the form of Exhibit A hereto, with the Authority; (iv) the assignment of the 2003 Lease by the Authority to the Trustee; and (v) the obligation of the City to pay rent under the 2003 Lease in an amount sufficient to pay principal of, premium, if any, and interest on the 2003 Bonds when due and payable.

SECTION 2. The Director of Finance, the Commissioner of Public Property and all other proper officials of the City are hereby authorized to execute and deliver, on behalf of the City, the 2003 Lease 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.

SECTION 3. The 2003 Lease authorized by this Ordinance shall be executed in conjunction with the issuance by the Authority of the 2003 Bonds for the purpose of financing the Project. The proceeds of the 2003 Bonds shall be applied to the financing of the Project approved hereby, to the funding of required reserves, if any, and to payment of costs of issuance and costs of credit and/or liquidity enhancement. The 2003 Lease shall not be executed or delivered until the Director of Finance has approved the bond documents.

SECTION 4. The Director of Finance, the Commissioner of Public Property 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 one or more escrow agreements in connection with the refunding of the Prior Bonds) and to take all actions as may be required by the Constitution and the laws of the Commonwealth, or as may be necessary or appropriate in order to accomplish the intent and purpose of this Ordinance and the 2003 Lease subject to the “Municipal Authorities Act of 2001,” P.L. 287, as amended. The Commissioner of Public Property, the Director of Finance, and all other proper officials of the City are further authorized to amend the 2003 Lease in any manner consistent with the terms of this Ordinance and approved in writing by the President of City Council; provided, however, that if the President of City Council believes (and such President’s determination in this regard shall be final and conclusive) that any such proposed amendment would increase the Authority’s or the City’s financial obligations under the 2003 Lease, or otherwise materially adversely affect the rights and powers of the Authority, the City or any official of the City under the 2003 Lease, then the President of City Council shall refer such proposed amendment to the full Council for its consideration. If Council approves such amendment by Ordinance, it may be executed by the parties; provided further, however, that the President of City Council may waive the requirement for approval of Council if the President of the City Council makes a written determination that a necessary change to protect the interests of the City must be executed sooner than Council approval can legally or practicably be granted. Notwithstanding the foregoing, in the case of changes which are specifically anticipated within the 2003 Lease or any exhibits thereto, such changes may be made in accordance with the applicable terms of the 2003 Lease.

SECTION 5. The City agrees to be bound by each and every provision, covenant and agreement set forth in the 2003 Lease.

SECTION 6. The City covenants to make appropriations, beginning in Fiscal Year 2004, in each and every fiscal year in such amounts as shall be required in order to make all rental payments due and payable under the 2003 Lease.

SECTION 7. All the terms of the 2003 Bonds and the Indenture shall have the approval the Director of Finance.

SECTION 8. As long as 2003 Bonds issued by the Authority to finance costs of the Project are outstanding, the City covenants unconditionally to make all rental payments due as provided for under the 2003 Lease directly to any trustee, including the Trustee, to which the 2003 Lease may be assigned as security for payment of the 2003 Bonds and the obligations of the Authority under any credit facility and/or liquidity facility securing the 2003 Bonds, 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 setoff, recoupment or counterclaim that the City may have against

the Authority or the Trustee or any Bondholder or any other party or parties and regardless of any contingency, act of God, event or cause whatsoever and notwithstanding any circumstance or occurrence that may arise after the date thereof.

SECTION 9. This Ordinance shall take effect immediately.

SECTION 10. The Chief Clerk of Council shall keep on file and make available for public inspection the Exhibit referenced in this Ordinance.

LEASE

Dated as of \_\_\_\_\_, 2003

BETWEEN

THE PHILADELPHIA MUNICIPAL AUTHORITY

as Lessor,

and

CITY OF PHILADELPHIA

as Lessee

(and Assignment of Lessor's Interest

To Wachovia Bank, National Association, Trustee)

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THIS LEASE, dated as of \_\_\_\_\_, 2003 (the “Lease), by and between THE



PHILADELPHIA MUNICIPAL AUTHORITY, Philadelphia County, Pennsylvania, a body corporate and politic organized and existing under laws of the Commonwealth of Pennsylvania (the “Authority”), as Lessor, and CITY OF PHILADELPHIA, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the “City”), as Lessee.

W I T N E S S E T H:

WHEREAS, the Authority is a body corporate and politic organized under provisions of the Pennsylvania Municipality Authorities Act (the Act of June 19, 2001, P.L. 287, as amended) (the “Act”) pursuant to ordinances of the Council of the City; and

WHEREAS, the City, a municipal corporation, is a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, in cooperation with the City, the Authority undertook a project (the “1984 Project”) consisting of (a) the acquisition of a fee interest in certain real property described in Exhibit A hereto (the “Philadelphia Industrial Correctional Center Property”) pursuant to a deed from the City to the Authority; (b) the construction and equipping of detention and correctional facilities and parking improvements on the Philadelphia Industrial Correctional Center Property to house and provide services to the prison population of the City; and (c) the leasing of the Philadelphia Industrial Correctional Center Property and such facilities (collectively, the “Philadelphia Industrial Correctional Center Facility”) to the City pursuant to a lease dated as of July 16, 1984 (the “1984 Lease”); and

WHEREAS, in order to finance the 1984 Project, the Authority issued \$64,500,000 aggregate principal amount of its Floating Rate Monthly Demand Revenue Bonds, Series of 1984 (the “1984 Bonds”) pursuant to a trust indenture dated as of July 16, 1984 (the “1984 Indenture”) between the Authority and Continental Bank, as trustee (the “1984 Trustee”); and

WHEREAS, the 1984 Bonds were secured by an assignment to the 1984 Trustee of the 1984 Lease and the rentals payable by the City thereunder, which rentals were intended to be sufficient to pay (i) the principal of, premium, if any, and interest on the 1984 Bonds, (ii) the obligations of the Authority to be incurred under a reimbursement agreement with a letter of credit bank pursuant to which a letter of credit was issued to pay the debt service on the 1984 Bonds and (iii) the costs of the Authority incurred in connection with the issuance of the 1984 Bonds, the 1984 Lease and the Philadelphia Industrial Correctional Center Facility; and

WHEREAS, in order to refund on a current basis the 1984 Bonds, the Authority issued \$66,500,000 aggregate principal amount of its Refunding Revenue Bonds, Series of 1987 (the “1987 Bonds”) pursuant to a trust indenture dated as of July 15, 1987 (the “1987 Indenture”) between the Authority and Continental Bank, as trustee (the “1987 Trustee”); the City and the Authority terminated the 1984 Lease and the City leased the Philadelphia Industrial Correctional Center Facility from the Authority pursuant to a lease dated as of July 15, 1987 (the “1987 Lease”) between the Authority and the City; and

WHEREAS, the 1987 Bonds were secured by an assignment to the 1987 Trustee of the 1987 Lease and the rentals payable by the City thereunder, which rentals were intended to be sufficient to pay (i) the principal of, premium, if any, and interest on the 1987 Bonds, (ii) the obligations of the Authority to be incurred under a reimbursement agreement with a letter of credit bank pursuant to which a letter of credit was issued to pay the debt service on the 1987 Bonds and (iii) the costs of the Authority incurred in connection with the issuance of the 1987 Bonds, the 1987 Lease and the Philadelphia Industrial Correctional Center Facility; and

WHEREAS, in order to refund the 1987 Bonds, the Authority issued \$71,615,000 aggregate principal amount of its Lease Revenue Refunding Bonds, 1993 Series D (the “1993D Bonds”) pursuant to a trust indenture dated as of November 1, 1993 (the “1993 Indenture”) between the Authority and First Fidelity Bank, N.A., as trustee, to which Wachovia Bank, National Association is successor trustee (the “1993 Trustee”); the City and the Authority terminated the 1987 Lease and the City leased the Philadelphia Industrial Correctional Center Facility from the Authority pursuant to a lease dated as of November 1, 1993 (the “1993 Lease”) between the Authority and the City; and

WHEREAS, the 1993D Bonds were secured by an assignment to the 1993 Trustee of the 1993 Lease and the rentals payable by the City thereunder, which rentals were intended to be sufficient to pay (i) the principal of, premium, if any, and interest on the 1993D Bonds and (ii) the costs of the Authority incurred in connection with the issuance of the 1993D Bonds, the 1993 Lease and the Philadelphia Industrial Correctional Center Facility; and

WHEREAS, in cooperation with the City, the Authority undertook a project (the “1986 Project”) consisting of (a) the acquisition of a fee interest in certain real property described in Exhibit B hereto (the “Filbert Street Property”) pursuant to a deed from the City to the Authority (b) the construction and equipping of a proposed Criminal Justice Center, including therein court, detention, correction and rehabilitation facilities on the Filbert Street Property, certain demolition of buildings thereon and the architectural design of the Criminal Justice Center; and (c) the leasing of the Filbert Street Property, including such facilities and improvements (collectively, the “Original Criminal Justice Center Facility”) to the City pursuant to a lease dated as of August 1, 1986 (the “1986 Lease”); and

WHEREAS, the Authority, in order to finance the 1986 Project, issued \$165,000,000 aggregate principal amount of its Floating Rate Monthly Demand Revenue Bonds pursuant to a trust indenture dated as of August 1, 1986 (the “1986 Indenture”) between the Authority and The Philadelphia National Bank, as trustee (the “1986 Trustee”); and

WHEREAS, the 1986 Bonds were secured by an assignment to the 1986 Trustee of the 1986 Lease and the rentals payable by the City thereunder, which rentals were intended to be sufficient to pay (i) the principal of, premium, if any, and interest on the 1986 Bonds, (ii) the obligations of the Authority to be incurred under a reimbursement agreement with a letter of credit bank pursuant to which a letter of credit was issued to pay the debt service on the 1986 Bonds and (iii) the costs of the Authority incurred in connection with the issuance of the 1986 Bonds, the 1986 Lease and the Original Criminal Justice Center Facility; and

WHEREAS, in order to refund [on a current basis] the 1986 Bonds, the Authority issued \$170,000,000 aggregate principal amount of its Criminal Justice Center Refunding Revenue Bonds, Series of 1988 (the “1988 Bonds”) pursuant to a trust indenture dated as of March 1, 1988 (the “1988 Indenture”) between the Authority and The Philadelphia National Bank as trustee, to which Wachovia Bank, National Association is successor trustee (the “1988 Trustee”); the City and the Authority terminated the 1986 Lease and the City leased Original the Criminal Justice Center Facility from the Authority pursuant to a lease dated as of March 1, 1988, as amended (the “1988 Lease”) between the Authority and the City; and

WHEREAS, the 1988 Bonds were secured by an assignment to the 1988 Trustee of the 1988 Lease and the rentals payable by the City thereunder, which rentals were intended to be sufficient to pay (i) the principal of, premium, if any, and interest on the 1988 Bonds and (ii) the costs of the Authority incurred in connection with the issuance of the 1988 Bonds, the 1988 Lease and the Original Criminal Justice Center

Facility and the transactions contemplated therein; and

WHEREAS, in order to advance refund a portion of the 1988 Bonds, the Authority issued \$54,540,000 aggregate principal amount of its Lease Revenue Refunding Bonds, 1993 Series C (the “1993C Bonds”), pursuant to the 1988 Indenture as amended by a Second Supplemental Trust Indenture dated August 15, 1993, between the Authority and the 1988 Trustee; and

WHEREAS, in cooperation with the City, the Authority undertook a project (the “1991 Project”) consisting of (a) the construction of a new Criminal Justice Center, including court rooms, judges’ chambers, offices and court holding facilities on the Filbert Street Property described on Exhibit B hereto; (b) the acquisition of furniture and equipment for use in connection with the Criminal Justice Center (together with (a) and the Original Criminal Justice Center Facility, the “Criminal Justice Center Facility”); (c) the acquisition of a fee interest in certain real property described in Exhibit C hereto (the “Curran-Fromhold Correctional Facility Property”) pursuant to a deed from the City to the Authority; (d) the construction on the Curran-Fromhold Correctional Facility Property of a prison complex, including a detention center and central food service facility; (e) the acquisition of furniture and equipment for use in connection with (d) (together with the Curran-Fromhold Correctional Facility Property and (d), the “Curran-Fromhold Correctional Facility”); and (f) the leasing by the Authority to the City of the Criminal Justice Center Facility and the Curran-Fromhold Correctional Facility pursuant to a lease dated as of July 15, 1991 (the “1991 Lease”); and

WHEREAS, in order to finance the 1991 Project, the Authority issued its Justice Lease Revenue Bonds, in the aggregate principal amount of \$224,000,000 in three series (the “1991A Bonds,” the “1991B Bonds” and the “1991C Bonds,” and collectively, the “1991 Bonds”) pursuant to a trust indenture dated as of July 15, 1991 (the “1991 Indenture”) between the Authority and Corestates Bank, N.A., as trustee, to which Wachovia Bank, National Association is successor trustee (the “1991 Trustee”); and

WHEREAS, the 1991 Bonds were secured by an assignment to the 1991 Trustee of the 1991 Lease and the rentals payable by the City thereunder, which rentals were intended to be sufficient to pay (i) the principal of, premium, if any, and interest on the 1991 Bonds and (ii) the costs of the Authority incurred in connection with the issuance of the 1991 Bonds, the 1991 Lease, the Criminal Justice Center Facility and the Curran-Fromhold Correctional Facility and the transactions contemplated therein; and

WHEREAS, to refund [all or a portion of] the 1991B Bonds and 1991C Bonds, the Authority issued \$179,895,000 aggregate principal amount of its Lease Revenue Refunding Bonds in two series, 1993 Series A in the aggregate principal amount of \$130,485,000 (the “1993A Bonds”) and 1993 Series B in the aggregate principal amount of \$49,410,000 (the “1993B Bonds”), pursuant to the 1991 Indenture as amended by a First Supplemental Indenture dated June 15, 1993, between the Authority and the 1991 Trustee; and

WHEREAS, the Authority in cooperation with the City has determined that it is advisable to undertake a project (the “Project”) consisting of (a) the current refunding of the 1991A Bonds, the 1993A Bonds, the 1993B Bonds, a portion of the 1993C Bonds and the 1993D Bonds (collectively, the “Prior Bonds”); (b) paying costs of issuance for the 2003 Bonds (defined hereafter); and (c) the leasing of the Leaed Premises (defined hereunder), including Philadelphia Industrial Correctional Center Facility, the Criminal Justice Center Facility, and the Curran-Fromhold Correctional Facility, by the Authority to the City; and

WHEREAS, the Authority has determined to finance the Project by the issuance of its Lease Revenue Refunding Bonds, in the aggregate principal amount of \$\_\_\_\_\_ (the “2003 Bonds”) in two series, 2003 Series A (the “2003A Bonds”) in the aggregate principal amount of \$\_\_\_\_\_ and 2003 Series

B (the “2003B Bonds”) in the aggregate principal amount of \$ \_\_\_\_\_; and

WHEREAS, the 2003 Bonds will be authorized, issued and secured under a trust indenture, dated as of \_\_\_\_\_, 2003 (the “Indenture”), between the Authority and Wachovia Bank, National Association, as trustee (the “Trustee”); and

[WHEREAS, \_\_\_\_\_ (the “Bond Insurer”) has issued its financial guaranty insurance policy (the “Bond Insurance Policy”) insuring the scheduled payment of principal of and interest on the 2003 Bonds; and]

WHEREAS, upon the issuance of the 2003A Bonds, the City and the Authority will terminate the 1993 Lease and enter into this Lease dated as of \_\_\_\_\_, 2003 (the “Lease”) pursuant to which the Authority will lease to the City the Philadelphia Industrial Correctional Center Facility, the Criminal Justice Center Facility and the Curran-Fromhold Correctional Facility (collectively, the “Leased Premises”) and the City will agree to pay as rental, solely out of current revenues of the City, amounts sufficient to pay the principal of, premium, if any, and interest on the 2003 Bonds and Administrative Expenses of the Authority incurred in connection with the Leased Premises and the Project; and

WHEREAS, upon the issuance of the 2003B Bonds and the provision of payment of the 1993A Bonds and the 1993B Bonds, the City and the Authority will terminate the 1991 Lease; provided, however, that until such termination, this Lease shall be under and subject to the 1991 Lease; and

WHEREAS, upon the payment of the 1993C Bonds maturing on April 1, 2007, the City and the Authority will terminate the 1988 Lease; provided however, that until such termination, this Lease shall be under and subject to the 1988 Lease; and

WHEREAS, the 2003 Bonds will be secured by an assignment to the Trustee of this Lease and the rentals payable to the Authority hereunder, which rentals are intended to be in an amount sufficient to pay the principal of, premium, if any, and interest on the 2003 Bonds when due; and

WHEREAS, the Council of the City of Philadelphia has declared by Ordinance (Bill No. \_\_\_\_\_) duly approved by the Mayor on \_\_\_\_\_, 2003, its approval of the form of this Lease and authorized the City to enter into this Lease with the Authority; and

WHEREAS the Authority upon the issuance of the 2003A Bonds, will use the proceeds to defease the lien of the 1993 Indenture, as amended and supplemented, and to pay costs of issuance of the 2003A Bonds or any other obligations of the Authority incurred in connection therewith; and

WHEREAS the Authority upon the issuance of the 2003B Bonds, will use the proceeds to defease the lien of the 1991 Indenture, as amended and supplemented, and to pay costs of issuance of the 2003B Bonds or any other obligations of the Authority incurred in connection therewith.

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

## ARTICLE I. DEFINITIONS

Section 1.01 Definitions. The terms defined in the recitals hereto shall have the same meanings throughout

this Lease and in addition the following terms shall have the meanings specified below, unless the context clearly otherwise requires:

“Additional Bonds” shall mean Bonds other than the 2003 Bonds issued pursuant to the terms of the Indenture.

“Administrative Expenses” shall mean those expenses incurred by the Authority which are properly chargeable as administrative expenses necessary for the Project, or any Capital Addition or in connection with this Lease or the Indenture and any other transaction or event contemplated by this Lease or the Indenture and include, without limiting the generality of the foregoing, the following: (a) fees and expenses of the Trustee, including fees and expenses of its counsel, and any paying agent under the Indenture, and rating agency fees; (b) fees and expenses of the Authority’s professional advisors required by the Indenture or this Lease or reasonably necessary and fairly attributable to the Project, or any Capital Addition and/or the Leased Premises, including, without limiting the generality of the foregoing, fees and expenses of the Authority’s Consulting Engineer, Consultants, Insurance Consultant, Certified Public Accountant and Counsel; (c) costs and premiums for insurance policies and renewals thereof; and (d) all rebate payments required to be made to the United States Treasury by the Authority pursuant to the Code and Section [7.16] of the Indenture.

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

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

[“Bond Insurer” shall mean \_\_\_\_\_.]

“Bonds” shall mean the 2003 Bonds and all other series of Bonds issued at any time pursuant to the terms of the Indenture.

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

“Capital Additions” shall mean real and personal property of any kind and any and all additions and improvements to the Leased Premises, acquired or constructed by the Authority, after the date hereof, which have been approved by ordinance of City Council, which are used in or useful to the functioning of the Leased Premises as the Philadelphia Industrial Correctional Center Facility, Criminal Justice Center Facility, and the Curran-Fromhold Correctional Facility, which are subject to this Lease and the Costs of which are properly chargeable to plant or property account under Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing, land, easements, rights of way, leaseholds, other interests in real property, replacements of property retired, and permanent additions and betterments.

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

“Code” shall mean the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (i) the regulations prescribed under such section, (ii) any successor provision of similar impact hereinafter enacted, (iii) any corresponding provisions of any subsequent federal internal revenue code, and (iv) the regulations prescribed under the provisions described

in (ii) and (iii).

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

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

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

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

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

“Director of Finance” shall mean the Director of Finance of the City.

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

“Fiscal Year” shall mean the period of twelve months beginning July 1 of each year.

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

“Insurance Consultant” shall mean a Consultant appointed by the Authority in accordance with Section 6.01 of this Lease or the provisions of the Indenture, who is qualified to survey risks and recommend coverages for equipment and facilities used for judicial proceedings and incarceration, detention, correction and rehabilitation of prisoners or like operations who is, in fact, Independent. Such Consultant may be a broker or agent with whom the Authority or the City regularly transacts business.

“Leased Premises” shall mean the land described from time to time in Exhibits “A,” “B” and “C” hereto, together with all buildings, equipment, and improvements and other tenements, hereditaments and appurtenant facilities and property, real, personal or mixed, located thereon or appurtenant thereto and all future equipment, improvements, additions or betterments subject from time to time to this Lease.

“Operating Budget” shall mean the operating budget adopted by the City.

“Permitted Encumbrances” means, with respect to the Leased Premises, as of any particular time, (i) the Indenture, this Lease, and liens or encumbrances arising therefrom; (ii) liens for ad valorem taxes, special assessments and other governmental charges not then delinquent; (iii) utility, access or other easements and rights-of-way, mineral rights, restrictions and exceptions, all of which will not materially interfere with or

impair the operations being conducted on the Leased Premises; (iv) “transfers” and liens permitted under this Lease; (v) liens or security interests existing on the date hereof; and (vi) such minor defects, encroachments, irregularities, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Leased Premises and do not in the aggregate, in the opinion of Counsel, materially impair the use of the property affected thereby or interfere with its use for the purpose for which it was acquired or is held.

“Prior Bonds” shall mean the 1991A Bonds, the 1993A Bonds, the 1993B Bonds, the 1993C Bonds and the 1993D Bonds, collectively.

“Project” shall mean (a) the current refunding of the Prior Bonds; (b) the paying of costs of issuance for the 2003 Bonds; and (c) the leasing of the Leased Premises, including the Curran-Fromhold Correctional Facility, the Philadelphia Industrial Correctional Center Facility, and the Criminal Justice Center Facility, by the Authority to the City

“2003A Bonds” shall mean the Authority’s \$ \_\_\_\_\_ aggregate principal amount of Lease Revenue Refunding Bonds, 2003 Series A.

“2003B Bonds” shall mean the Authority’s \$ \_\_\_\_\_ aggregate principal amount of Lease Revenue Refunding Bonds, 2003 Series B.

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

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

## ARTICLE II.

### LEASE OF PREMISES AND TERM THEREOF

Section 1.02 Term. The Authority, as lessor, does hereby demise and lease the Leased Premises to the City, as lessee, for operation and use and the City does hereby lease, hire and take the same hereby from the Authority, subject to the terms of the 1988 Lease and the 1991 Lease.

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

TO HAVE AND TO HOLD the same unto the City, as lessee, for a term beginning on the date hereof and ending on December 1, 2018, unless extended or sooner terminated in accordance with the terms hereof; provided that such term shall not be sooner terminated by the City so long as the Bonds are “Outstanding” under the Indenture.

**Section 1.03 Reliance by Bondholders [and the Bond Insurer].** This Lease is executed in part to induce the purchase by others of the Bonds [and in part to induce the Bond Insurer to issue its Bond Insurance Policy] and, accordingly, all covenants and agreements on the part of the City and Authority, as set forth in this Lease, are hereby declared to be for the benefit of the owners from time to time of the Bonds [and the Bond Insurer]. Except as hereinabove provided, this Lease and the covenants and agreements contained herein shall not be deemed to be for the benefit of any person other than the parties thereto.

## ARTICLE III.

### THE PROJECT AND CAPITAL ADDITIONS

#### Section 1.04 2003 Bond Proceeds. Section 1.05 Construction of Capital Additions to the Leased Premises.(b)

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

- (c) The City on behalf of the Authority shall cause any Capital Addition to be undertaken and completed in compliance with all present and future laws, acts, rules, regulations, orders and requirements lawfully made and applicable thereto, and present and future requirements of insurance companies writing policies covering any Capital Addition and in accordance with the Construction Contracts, estimates and schedules of Costs and plans and specifications therefor. The foregoing shall not prohibit the City on behalf of the Authority from effecting amendments, modifications, changes and deletions relating to any Capital Addition or to any Construction Contract, estimate, schedule and plans and specifications therefor; provided, however, that such changes are filed with the Authority and Trustee and are in compliance with all applicable laws, acts, ordinances, rules, regulations, orders and requirements as aforesaid and provided further that the City shall provide for the payment of any increase in the Costs of any Capital Addition resulting from a change therein to the extent required pursuant to Section 3.01 hereof.
- (d) All payments to suppliers and contractors due under Construction Contracts shall be made by the Trustee in accordance with the terms of the Indenture. The City shall submit to the Authority, with each requisition or group of requisitions for payment, a summary statement setting forth, with respect to each budget category for any Capital Addition, the then current estimate of costs relating thereto and the total amount theretofore disbursed with respect to each budget category (exclusive of the amount then being requisitioned), and shall also submit such other certificates and supporting material as the Authority may reasonably require. The City shall be reimbursed by the Trustee for all Costs of any Capital Addition paid by the City.
- (e) The City on behalf of the Authority shall enforce the Construction Contracts, and neither the City nor the Authority will do or refrain from doing any act whereby any surety on any bond may be released in whole or in part from any obligation assumed by such surety or from any agreement to be performed by such surety under the bond. In the event of any default on the part of any contractor, Consulting Engineer or other contractor or any subcontractor or supplier under any contract made by it in connection with any Capital Addition, or in the event of a breach of warranty with respect to any materials, workmanship or performance guaranty, the City will notify the Authority, and the Trustee and will proceed, either separately or in conjunction with others, to pursue such remedies against the Consulting Engineer, the contractor, subcontractor or supplier so in default and against such surety for the performance of such contract as it may deem advisable. The City agrees to advise the Authority and the Trustee of the steps it intends to take in connection with any such default. If the City shall so notify the Authority and the Trustee, the City on behalf of the Authority may, and at the direction of the Authority shall, in its own name or in the name of the Authority, prosecute any action or proceeding or take any other action involving any such Consulting Engineer, contractor, subcontractor, supplier or surety which the City deems reasonably necessary, and in such event the Authority hereby agrees to cooperate fully with the City. If the City, after direction from the Authority, refuses to prosecute any action or proceeding or take any other action against such Consulting Engineer, contractor, subcontractor, supplier or surety, the Authority may proceed to take all such action in the name of the City or in its own name and the City shall pay all Administrative Expenses in connection therewith.
- (f) The City agrees to obtain or cause to be obtained by the contractors in respect of the any Capital Addition involving construction a surety bond or bonds in form acceptable to the Authority covering (i) performance of contracts, including coverage for correction of defects developing within one year after completion and acceptance for each contract, and (ii) payment for labor and materials. The bond or bonds shall be executed by a responsible surety company or companies qualified to do business in the City of Philadelphia, Pennsylvania and not unsatisfactory to the Authority, and the City, shall name the City and the Authority as co-obligees, and shall be in amounts, in the aggregate, equal, to not less than 100% of the fixed contract price or prices for such Capital Addition, provided that the one-year maintenance portion of the bond or bonds may be limited to 10% of such contract price or prices. Prior to the commencement of the construction of such Capital



Addition, such bonds shall be delivered to the Authority. The net amounts recovered on such bonds shall be deposited in the Construction Fund under the Indenture.

- (g) During the period of construction, if any, of any Capital Addition, the City will maintain or cause to be maintained:
- (i) builder's risk (or equivalent coverage) insurance upon any work done or materials furnished under Construction Contracts except excavations, foundations and any other structures not customarily covered by such insurance, such policies to be written in completed value form for 100% of the insurable value of the Construction Contract in the names of the City, the Authority, the contractor and the Trustee, as their interests may appear, with loss payable to the Trustee; and
  - (ii) workmen's compensation and employer's liability insurance covering all employees of contractors and subcontractors in amounts required by law.

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

**Section 1.06 Warranties.** The Authority makes no express or implied warranty of any kind whatsoever with respect to the Leased Premises or any part of the Leased Premises, including, but not limited to: the merchantability of any parts or equipment included within the Leased Premises, or its fitness for any particular purpose; the design or condition of the Leased Premises or any part thereof; the workmanship in the Leased Premises or any part thereof; or compliance of the Leased Premises or any part thereof with the requirements of any law, rule, specification or contract pertaining thereto. Title to the Leased Premises and any part thereof shall vest solely in the Authority, and the City will not impair, and will defend, the Authority's title to the Leased Premises.

**Section 1.07 Unused Proceeds.** The City and the Authority agree that, if any proceeds in the Construction Fund shall remain unexpended when any Capital Addition is completed, they will not expend such proceeds as directed by the City for such purposes or in such manner as would cause interest on any Bonds to be included within the gross income of the owners of the Bonds for federal income tax purposes.

## **ARTICLE IV.**

### **ASSIGNMENT**

**Section 1.08 Assignment to Trustee.** The Authority, immediately following execution and delivery hereof, shall irrevocably assign for value this Lease and all rentals payable hereunder (except such amounts as shall provide for Authority's Administrative Expenses, certain rights to indemnification and certain obligations and approvals which may be performed only by the Authority) to the Trustee, IN TRUST, to be held and applied pursuant to provisions of the Indenture for the benefit of the Bondholders. The City: (1) consents to such assignment and accepts notice thereof with the same legal effect as though such acceptance were embodied in a separate instrument, separately executed after execution of such assignment; (2) agrees to pay directly to the Trustee all rentals payable hereunder, without any defense, set-off or counterclaim arising out of any default on the part of the Authority under this Lease or any transaction between the City and the Authority; and (3) agrees that the Trustee may exercise all rights granted the Authority hereunder.

**Section 1.09 Assignment by the City.** Without the prior written consent of the Authority [and the Bond Insurer], the City may not by operation of law or otherwise assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein.

## **ARTICLE V.**

## CONCERNING RENTALS AND ADDITIONAL SUMS

Section 1.10 Rental Payments. In consideration of the lease of the Leased Premises to the City by the Authority pursuant to Section 2.01 hereof, the City shall pay as rentals to the Authority or its assigns:

- (a) for deposit in the Bond Fund under the Indenture, on or before 10:00 a.m. Philadelphia time, on the date 30 days prior to each Interest Payment Date (as defined in the Indenture) or Sinking Fund Installment Date (as defined in the Indenture) or on any other date that principal of and premium, if any, and interest on the Bonds, or any portion thereof, shall be due and payable, whether by maturity, redemption (other than by acceleration under the Indenture) or otherwise, an amount which, together with other moneys in the Bond Fund available therefor, is sufficient to make the Authority's required payments of principal of and premium, if any, and interest on the Bonds then becoming due, whether by maturity (other than by acceleration under the Indenture), redemption or otherwise; and
- (b) Commencing on the first day of the month following the issuance of the 2003 Bonds, and on or before the first day of each month thereafter, such amount as shall provide for the Authority's Administrative Expenses incurred in connection with the Leased Premises and the Project, including an amount which is sufficient to make any payment required to be made by the Authority to the United States Treasury, as provided in the Indenture and as requested in writing by the Authority.

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

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

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

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

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

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

**Section 1.11 Taxes, Utility Charges.** As additional rent hereunder, the City during the term of this Lease shall pay or cause to be paid to the public officers charged with the collection thereof promptly as the same become due, all taxes (or contributions or payments in lieu thereof), including but not limited to income, profits or property taxes, which may now or hereafter be imposed by the United States of America, any state or municipality or any political subdivision or subdivisions thereof, and all assessments for public improvements or other assessments, levies, license fees, charges for publicly supplied water or sewer services, excises, franchises, imposts and charges, general and special, ordinary and extraordinary (including interest, penalties and all costs resulting from delayed payment of any of the foregoing) of whatever name, nature and kind and whether or not now within the contemplation of the parties hereto which are now or may hereafter be levied, assessed, charged or imposed or which are or may become a lien upon this Lease, the Leased Premises, the use or occupation thereof or upon owner or occupants in respect of or upon the basis of the rent

or the estate hereby created, or upon the City or the Authority, or upon any franchises, businesses, transactions, income, earnings and receipts (gross, net or otherwise) of the Authority in connection with the Leased Premises, for payment or collection of which the Authority otherwise would be liable or accountable under any lawful authority whatever by reason of this Lease, or its earnings, profits or receipts from, or its leasing of, the Leased Premises; provided, however, that the City shall not be required to pay or discharge or cause to be paid or discharged any tax, assessment, lien or other matter hereunder so long as the validity thereof is being contested in good faith and by appropriate legal proceedings diligently pursued. The City will, upon request, provide the Authority or the Trustee with copies of any tax returns and receipts for payments of-taxes.

**Section 1.12 Authority Administrative Expenses.** If moneys available to the Authority for the purpose under the Indenture shall be insufficient to pay the Authority's reasonable Administrative Expenses, the City shall pay to the Authority or its assigns such additional sum or sums as additional rent, in each Fiscal Year, as shall be required for such purpose. Such additional sum or sums, if any, shall be payable at such time or times in each Fiscal Year in which the same shall be required as may be agreed upon by the City and the Authority or its assigns, but in no event later than 30 days following the last day of such Fiscal Year.

**Section 1.13 Advance Payments.** The City may make payments in advance from time to time, on account of rentals payable hereunder, in installments, which amounts shall be credited against the rental at the time next due, unless otherwise directed by the City. All such payments shall be made directly to the Trustee and shall be deposited by the Trustee in the Bond Fund created under the Indenture.

**Section 1.14 No Abatement or Setoff.** The City shall pay rentals and additional sums required hereunder without suspension or abatement of any nature, notwithstanding that all or any part of the Leased Premises shall have been wholly or partially destroyed, damaged or injured and shall not have been repaired, replaced or rebuilt. So long as any of the Bonds remain outstanding or sufficient money for the payment of the Bonds in full, including principal, interest or redemption price, if any, shall not be held by the Trustee in trust therefor, the obligation of the City to pay rentals shall be absolute and unconditional and shall not be suspended, abated, reduced, abrogated, waived, diminished or otherwise modified in any manner or to any extent whatsoever, and regardless of any rights of setoff, recoupment or counterclaim that the City might otherwise have against the Authority or the Trustee or any other party or parties and regardless of any contingency, act of God, event or cause whatsoever and notwithstanding any circumstances or occurrence that may arise or take place after the date hereof, including but without limiting the generality of the foregoing:

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

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

or the Trustee.

**Section 1.15 Rentals to be Net.** Rentals and additional sums required to be paid by the City shall be received by the Authority or its assigns as net sums and shall be sufficient in amount to meet all of the Authority's obligations under the Bonds and the Indenture, and the City covenants to pay, out of current revenues, all charges against or which might diminish such net sums.

**Section 1.16 Termination.** When interest on, and principal or the redemption price (as the case may be) of, all Bonds issued under the Indenture have been paid, or there shall have been deposited with the Trustee an amount evidenced by moneys or securities pursuant to Article XII of the Indenture, which, together with earnings thereon, will provide sufficient moneys to fully pay the Bonds, as well as all other sums payable under the Indenture and this Lease to the Authority and Trustee, and the Authority has met all other requirements of the Indenture, no further rentals shall be payable hereunder, and the Authority shall cause the Trustee to pay over to the City any moneys then remaining in any Funds created under the Indenture except moneys held for the payment of Bonds or any obligations owed to the Authority [and/or the Bond Insurer].

## ARTICLE VI.

### INSURANCE AND CONDEMNATION

**Section 1.17 Insurance.** Notwithstanding anything to the contrary herein contained, all risk of loss, damage, theft or destruction to the Leased Premises shall be borne by the City. No such loss, damage, theft or destruction of the Leased Premises or any part thereof shall impair the obligations of the City under this Lease, all of which shall continue in full force and effect. It is understood and agreed that the City may be a self-insurer as to the Leased Premises. The City hereby assigns, transfers and sets over to the Authority all of its right, title and interest in and to all sums, including insurance proceeds, received or payable to the City arising out of any damage or any claim for damage which the City may have or receive or for which the Authority may receive to the benefit of the City with respect to the Leased Premises against or from any person or entity.

From the date hereof and so long as the Authority has an ownership or leasehold interest in the Leased Premises the City covenants to either: (1) provide through self insurance, with the consent of the Authority, personal and property liability insurance and damage insurance; or (2) provide and maintain continuously, whether by itself or through the Authority, public liability and property insurance and landlord's liability insurance insuring the City and the Authority, and its members and officers when involved in matters related to the Leased Premises, as their interests may appear, against liability for injuries to persons and property in the minimum amount of \$1,000,000 primary liability per occurrence for bodily injury and \$1,000,000 in the aggregate, and \$1,000,000 primary liability for property damage for each occurrence and in the aggregate of not less than \$1,000,000. In addition to the primary liability insurance, a commercial umbrella insurance policy of at least \$25,000,000 shall be written as accompanying insurance coverage insuring the City and the Authority unless the parties agree on a lesser policy amount. All such policies shall contain a 30 days' prior written notice of cancellation clause to the Authority and the Trustee.

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

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

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

**Section 1.18 Destruction, Damage, and Eminent Domain.** If the Leased Premises shall be wholly or partially destroyed or damaged by fire or other casualty covered by insurance or shall be wholly or partially condemned, taken or injured by any person, including any person possessing the right to exercise the power of or a power in the nature of eminent domain or transferred to such a person by way of a conveyance in lieu of the exercise of such a power by such a person, the Authority and the City covenant that they will take all actions and will do all things which may be necessary to enable recovery to be made upon such policies of insurance or on account of such taking, condemnation, conveyance, damage or injury in order that moneys due on account of losses suffered may be collected and paid to the Trustee. The Trustee is authorized, in its own name, as trustee of an express trust, to demand, collect, sue, settle claims, receipt and release moneys which may be due and payable under such policies of insurance or on account of such condemnations, damage or injury.

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

**Section 1.19 Notice of Property Loss.** Immediately after occurrence of loss or damage covered by insurance, or after notice of condemnation has been received, or the occurrence of injury or damage, the City shall notify in writing the Authority, the Authority, the Consulting Engineer and the Trustee thereof and the Consulting Engineer promptly shall determine and advise the Authority, the Trustee and the City, in writing, whether it is practicable and desirable to repair, reconstruct or replace such damaged or destroyed or condemned property. If the Consulting Engineer shall advise in the affirmative and the City and the Authority agree thereto in writing, the Authority or the City, as appropriate, shall proceed forthwith with repair, reconstruction or replacement, to the extent of insurance proceeds or sums received as condemnation or other damages collected with respect to such loss or damage, in the manner provided herein and in the Indenture. The City shall pay from its own funds the cost of such repair, reconstruction or replacement to the extent insurance proceeds or other sums received with respect to such loss or damage, together with any sums advanced from the Construction Fund pursuant to the Indenture, shall be insufficient.

**Section 1.20 Disposition of Insurance Proceeds; Property Damage.** If moneys collected under policies of insurance or on account of condemnation, damage or injury with respect to any one loss shall equal or exceed \$500,000 and the Consulting Engineer shall have determined that repair, reconstruction or replacement is practicable and desirable, and if the Authority and the City shall request, the Authority agrees that such moneys shall be paid by the Trustee for costs of such repair, reconstruction or replacement as provided in the Indenture from the Construction Fund. Moneys in excess of the amount needed for costs of such repair, reconstruction or replacement shall be deposited in the Bond Fund.

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

In the event that any insurance or condemnation proceeds are not applied as set forth above within twelve months after receipt by the Trustee, or if the Authority fails to obtain, or cause to be obtained the required certificate within three months after occurrence of the condemnation, injury or damage to the Leased Premises, or if the certificate states that the repair, reconstruction or replacement is not practicable or desirable, the insurance proceeds or condemnation awards shall at the direction of the Authority be deposited in the Special Account of the Bond Fund for application in accordance with the provisions of Section 3.06 of the Indenture.

Subject to the provisions of the Indenture and the Bonds, if any insurance proceeds or condemnation proceeds are deposited in the Bond Fund, such insurance proceeds or condemnation awards shall be applied first, to the payment of any Bonds on which the Authority is in default under the Indenture and thereafter, to the redemption of Bonds designated by the City in writing to the Trustee; provided, however, that such redemption is made in accordance with Section 3.06 of the Indenture.

## ARTICLE VII.

### CAPITAL ADDITIONS

Section 1.21 Capital Additions. If the City shall deem it necessary or advisable that Capital Additions should be acquired or constructed with respect to the Leased Premises, it may request the Authority to provide moneys for all or part of the costs thereof. Any such request shall be in writing, shall be signed by the Director of Finance of the City, shall set forth the amount requested and shall be accompanied by appropriate ordinance of City Council authorizing the Capital Addition and an increase of the rentals due under this Lease, or any supplement thereto, to pay the debt service of any obligation incurred by the Authority for the Capital Addition.

Section 1.22 Additional Bonds. Upon receipt of a request of the City, accompanied by required documents, as provided in Section 7.01, the Authority may, but shall have no obligation to, provide all or any part of the amounts requested by issuance and sale of Additional Bonds, as provided in the Indenture.

## ARTICLE VIII.

### ADDITIONAL COVENANTS OF THE AUTHORITY AND THE CITY

Section 1.23 Consulting Engineer. The City covenants and agrees that whenever the services of a Consultant or a Consulting Engineer are required to carry out the provisions hereof, it will, upon request of the Authority, retain or cause to be retained a Consultant or Consulting Engineer.

Section 1.24 Construction, Operation and Maintenance. The City covenants to provide for the construction and equipping of the Project or Capital Additions subsequently authorized and agreed upon in accordance with the plans and specifications therefor. The City shall determine the level of operation and maintenance of the Leased Premises, and any repairs or replacements which the City shall install shall become the property of the Authority. The City further covenants that it will not commit or suffer any stripping or waste of the Leased Premises. The City will bear all costs in connection with the use of the Leased Premises.

Section 1.25 Compliance With Laws. The City covenants that all actions heretofore and hereafter taken by the City or by the Authority upon the recommendation or request of any officer of the City to acquire and carry out the Project and any additional project or any Capital Addition, including the making of contracts, have been and will be in full compliance with all pertinent laws, ordinances, rules, regulations and orders applicable to the City. In connection with the operation, maintenance, repair and replacement of the Leased Premises, the City covenants that it shall comply with all applicable ordinances, laws, rules, regulations and orders of the government of the United States of America, the Commonwealth of Pennsylvania, the City, and any requirement of any board of fire underwriters having jurisdiction or of any insurance company writing insurance on the Leased Premises; provided, that this covenant shall not be construed to include any laws, rules and regulations relating to prisoners or their housing on the Leased Premises. The City further covenants and represents that the Leased Premises are in compliance with all applicable zoning, subdivision, building, land use and similar laws and ordinances. The City covenants that it shall not take any action or request the Authority to execute any release which would cause the Leased Premises to be in violation of such laws or ordinances or such that a conveyance of the Leased Premises or of any portion of the Leased Premises would create a violation of such laws and ordinances. The City acknowledges that any review by the Authority's staff or counsel of any action heretofore or hereafter taken by the City has been or will be solely for the protection of the Authority. Such reviews shall not prevent the Authority from enforcing any of the covenants made by the City.

Section 1.26 Preservation of Leased Premises; Exceptions. Except with respect to the transactions contemplated hereby, the City covenants that it will not:

- (a) transfer or permit the transfer of this Lease or the Leased Premises or any interest therein or part thereof ("transfer") without intending to limit the generality of the foregoing, shall at any given time, include, grant, convey, mortgage, encumber, pledge, hypothecate, lease, release, quitclaim, assign and sell and shall embrace the creation of an easement, servitude or license, the passage or creation of title, the passage or creation of any interest, the creation of any lien or judgment of record against the Leased Premises, or any disposition thereof or any interest therein or part thereof, whether voluntary or

involuntary or by operation of law except, however, “transfer” shall not include any lien permitted by this Lease or the Indenture), provided, however, that the creation of any lien or judgment of record against the Leased Premises shall not be a default hereunder so long as the validity thereof is being contested in good faith and by appropriate legal proceedings and neither the Leased Premises nor any rent or income therefrom or interest therein would be in any immediate danger of being sold, forfeited, attached or lost; and the City will, promptly after a final determination of such contest or proceedings, fully pay and discharge the amounts which may be levied, assessed, charged or imposed or determined to be payable therein or in connection therewith, together with all penalties, fines, interests, costs and expenses thereto or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof. Notwithstanding anything to the contrary in this Section 8.04, the City may:

- (i) sublease or license the use of a part or parts of the Leased Premises to any person,
- (ii) if no Event of Default under this Lease shall have happened and be continuing,
- 1) with the joinder of the Authority, grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Leased Premises, free from the Indenture,
- 2) with the joinder of the Authority, release existing easements, licenses, rights of way and other rights or privileges, or
- 3) give a purchase money security interest with respect to personal property hereafter acquired for use on the Leased Premises,

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

- a) a copy of the instrument of grant or release, and
- b) a written application executed by the City requesting such instrument;
- (iii) remove, sell or otherwise dispose of property which has been replaced in the ordinary course of operations;
- (iv) remove, sell or otherwise dispose of any tangible personal property, fixtures or equipment from the Leased Premises in the ordinary course of business at any one time if the book value of the same shall not exceed \$500,000;
- (v) remove, sell or otherwise dispose of tangible personal property, fixtures or equipment, at any one time having a book value in excess of \$500,000 or not in the ordinary course of business, if the City shall file a request for approval of such sale or other disposition, signed by the Commissioner of Public Property and the Director of Finance of the City. The City may, thereafter, make such removal, sale or other disposition upon receipt of the written approval of the Authority. The City covenants that the net proceeds of any sale or other disposition made pursuant to this Section 8.04 (a)(v) shall be applied to the replacement of the property, fixtures or equipment sold or disposed of or shall be placed in the Bond Fund created under the Indenture, and further covenants that any property, fixtures or equipment received or installed as replacements to such removed property, fixtures or equipment shall be subject to [the security interest herein granted].
- (b) do or permit others under its control to do any work in or about the Leased Premises or related to any repair, rebuilding, restoration, replacement, alteration of or addition to the Leased Premises, or any part thereof, unless the City shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. All such works shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, ordinances, governmental regulations and requirements and in accordance with the requirements, rules and regulations of boards of fire underwriters having jurisdiction.
- (c) do or suffer to be done, anything whereby the Leased Premises, or any part thereof, may be encumbered by any mechanic’s or other similar lien and if, whenever and as often as any mechanic’s or other similar lien is filed against the Leased Premises, or any part thereof, purporting to be for or on account of any labor done or materials or services furnished in

connection with any work in, on or about the Leased Premises done by, for or under the authority of the City, the City shall discharge the same of record within 30 days after the date of filing. Notice is hereby given that the Authority does not authorize or consent to and shall not be liable for any labor or materials furnished and that no mechanic's or similar lien for any such labor, services or materials shall attach to or affect the fee, reversionary, leasehold or other estate of the Authority in and to the Leased Premises or any part thereof.

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

**Section 1.27 Power to Perform Obligations.**

**Section 1.28 Inspection.** The City covenants that the Authority, by its duly authorized representatives, at reasonable times, may inspect any part of the Leased Premises.

**Section 1.29 Additional Information.** The City agrees, whenever requested by the Authority [or any Bond Insurer], to provide and certify or cause to be provided and certified such information concerning the Leased Premises, the City, the finances of the City, and other topics as the Authority [or the Bond Insurer] reasonably considers desirable to its evaluation of the City or the Authority considers necessary to enable the completion and publication of one or more official statements relating to the Bonds at the time when the Bonds are to be offered for sale, to enable counsel to issue their respective opinions and otherwise advise the Authority as to the transaction or the capacity of the parties to enter into the same, or to enable it to make any reports or supply any information required under the provisions of the Indenture, law, governmental regulation or otherwise.

**Section 1.30 Termination; Possession.** Upon termination hereof, or upon termination of all rights of the City hereunder, either by reason of default or expiration of the term, the City covenants that it will deliver up peaceable possession of the Leased Premises, without delay, in case of such termination, upon demand made by the Authority or, in case of such default, upon demand made by the Authority or the Trustee, in good repair and operating condition, excepting reasonable wear and tear and damage, injury or destruction by fire or other casualty which, under terms hereof, shall not have been repaired, reconstructed or replaced.

**Section 1.31 Investments and Use to Comply with the Internal Revenue Code.** The City and the Authority each covenant that it will neither make nor instruct the Trustee to make any investment or other use of the proceeds of the Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code, and all applicable regulations promulgated with respect thereto and that it will comply with the requirements of the Code and applicable regulations throughout the term of the Bonds so that the interest on the Bonds shall be excluded from gross income for federal income tax purposes. The City covenants that it will not use or permit the use of the Leased Premises in such a manner as would result, or allow the use of the Leased Premises by any entity whose use thereof would result, in the loss of the exclusion of interest on the Bonds from gross income of the owners for federal tax purposes.

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

**Section 1.32 Acceptance of Title.** The City agrees that it will accept a deed to the Leased Premises when delivered by the Authority at any time after the termination of the Lease.

**Section 1.33 Partial Transfers and Releases.**(b) The Authority may transfer title to the City of any portion of the Philadelphia Industrial Correctional Center Property and/or the Curran-Fromhold Correctional Facility Property not required for the operations of the Philadelphia Industrial Correctional Center Facility or the Curran-Fromhold Correctional Facility, respectively, by the City, upon written request by the City and the amendment of Exhibit "A" and/or Exhibit "C", as the case may be, to this Lease reflecting the release of such real estate.

(c) The Authority, the City and the Trustee may release any portion of the Filbert Street Property from the terms of this Lease to the extent it is not required for the operations of the Criminal Justice Center Facility and the Authority may convey the portion of Filbert Street Property to be released to the City or any third party, if requested by the City, only upon receipt by the Trustee of (1) the fair market value of such Filbert Street Property being conveyed, the deposit of such moneys into the Bond Fund under the Indenture to be used by the Trustee at the earliest practical time, without further direction, to redeem Bonds or purchase Bonds at a price not more than the principal amount thereof and (2) an amendment to Exhibit "B" to this Lease reflecting the release of such real estate which has been approved by Ordinance of City Council.

(d) Notwithstanding anything in this Section to the contrary, there shall be no release of any portion of the Leased Premises



unless the Authority, the City and the Trustee receive an opinion from Bond Counsel stating that the release or transfer to the City or third party shall not cause the interest on the 2003 Bonds to be included in the gross income of the owners of the 2003 Bonds for federal income tax purposes.

## ARTICLE IX.

### EVENTS OF DEFAULT AND REMEDIES

Section 1.34 Events of Default. The following events shall constitute events of default (herein called “Events of Default”) hereunder:

- (a) the City fails to make any payment required by Section 5.01 hereof or by the Indenture when the same shall become due and payable and if such failure continues for two Business Days thereafter; or
- (b) the City fails to perform any of its other covenants or conditions or fails to perform any of its obligations hereunder, and such failure continues for 45 days after the Authority [or the Bond Insurer] or the Trustee gives the City written notice thereof; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 45-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the City shall commence such performance within such 45-day period and shall diligently and continuously prosecute the same to completion; or
- (c) if the City files or has filed against it a petition of bankruptcy or for arrangement or for reorganization pursuant to the Federal Bankruptcy Act or other similar laws, Federal or state, or if, by the decree of a court of competent jurisdiction, the City is adjudicated bankrupt or declared insolvent, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally when or as they become due, or consents to the appointment of a trustee, receiver or liquidator of all or any part of the Leased Premises, provided that, if any such proceeding is commenced by a person other than the City, there shall be no Event of Default if such proceedings are dismissed within 90 days of the filing of initial pleadings therein;
- (d) then and at any time thereafter while such Event of Default is continuing, in addition to the Authority’s other remedies at law or equity or provided for in this Lease, the Authority may, by written notice to the City specifying the Event of Default, terminate this Lease with the written approval of [the Bond Insurer, if it is not in default in its payment obligations under the Bond Insurance Policy, or] the Registered Owners of at least 66-<sup>2</sup>/<sub>3</sub>% of the Bonds then outstanding.

Section 1.35 Termination on Default. If this Lease is terminated under Section 9.01,

- (a) such termination shall not relieve the City of previously accrued obligations under the Lease; and
- (b) the City shall peaceably surrender the Leased Premises; and
- (c) the Authority may relet any or all of the Leased Premises on such terms as it elects, but the Authority shall not be liable for any failure to relet or to collect any rent due upon reletting; and
- (d) the City shall pay to the Authority on the dates on which payments required hereunder or under the Indenture would have been payable, amounts equal to such installments less the net proceeds of any reletting effected under (c) above.

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

Section 1.36 Remedies. In case of any court proceeding initiated by the Authority:

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

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

**Section 1.37 Delay Not To Constitute Waiver.** The acceptance by the Authority or the Trustee of any rent or portion thereof at any time after the same becomes due shall not be considered a waiver of the right to enforce any remedy hereunder. As part of the consideration for the Lease, the City hereby waives any applicable exemption laws now or hereafter in force. No failure by either party to insist upon strict performance hereof or to exercise any remedy upon the occurrence of an Event of Default shall constitute a waiver of such default, or a waiver or modification of any provision hereof. Upon the occurrence of an Event of Default, the Authority may exercise any one or more of the remedies available to it separately or concurrently and as often as required to enforce the City's obligations. In addition to the other remedies provided herein, the Authority shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation by the City of any of the covenants, conditions or provisions hereof, or to a decree compelling specific performance of any of such covenants, conditions or provisions.

**Section 1.38 Authority Right of Payments.** With respect to any amounts payable by the City to the Authority hereunder, the Authority shall have, in addition to any other rights and remedies, the same rights and remedies as are provided by law or in equity and in this Lease, in the case of default by the City in the payment of rentals.

## ARTICLE X.

### MISCELLANEOUS

**Section 1.39 Knowledge of Indenture.** The City acknowledges that it has received an executed copy of the Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it and further agrees that, as lessee hereunder, it will take all such actions as are required or contemplated of it under the Indenture to preserve and protect the rights of the Trustee[, of the Bond Insurer] and of the Bondholders thereunder and that it will not take any action which would cause a default thereunder or jeopardize such rights. The City hereby assumes and agrees to perform all of the covenants and other obligations of the Authority under the Indenture, including but not limited to those set forth in Article VII of the Indenture, excepting only any approval or consents permitted or required to be given by the Authority thereunder, and those covenants or obligations the performance of which is within the power of the Authority but not of the City to perform.

**Section 1.40 Additional Bonds; Supplemental Indenture.** The Authority may issue Additional Bonds, from time to time, for purposes and in the manner provided in the Indenture; provided, however, that if in connection with the issuance of such Additional Bonds the Indenture shall require an amendment or supplement to this Lease to be executed, such Additional Bonds shall be issued only at the request and with the prior written consent of the City [and the Bond Insurer,] and only after approval of such issues of Additional Bonds by ordinance of City Council. If the Authority shall issue such Additional Bonds, the City, upon request of the Authority, covenants to take such action as may be required under the Indenture. Any supplemental lease and rentals thereunder may be pledged under the Indenture or any supplemental Indenture.

**Section 1.41 Authority Audits.** The Authority shall furnish to the City a copy of each annual statement relating to the Leased Premises prepared by its Certified Public Accountant, and, if requested, shall permit any duly authorized representative of the City to make reasonable examinations of its accounts and records relating to the Leased Premises and the Indenture.

**Section 1.42 After-Acquired Property.** The Authority and the City agree that all repairs, renewals, replacements, improvements, additions and extensions and Capital Additions or property in the nature thereof, which shall be made or acquired by the Authority or the City during the term hereof in connection with the Leased Premises forthwith shall become part of the estate of the Authority in the Leased Premises; and the City agrees to execute such instruments as may be required, from time to time, by the Authority to effect the foregoing.

**Section 1.43 Improvements by City.** If the Authority shall fail to provide funds, in accordance with Section 7.02, to meet a request of the City under Section 7.01, or if the City shall determine to provide the required funds without making such a request, the

City may use any lawful means available to provide such funds.

**Section 1.44 Payment by Authority of City Obligations.** If the City at any time fails to pay any taxes or other impositions payable by it in accordance with Section 5.02 hereof, or to take out, pay for, maintain or deliver any of the bonds or surety policies or insurance policies provided for in Article III, or Article VI, or shall fail, within the time provided for in Article IX after the notice therein specified of any Event of Default, as therein defined, has been given thereunder, to make any other payment or perform any other act on its part to be made or performed, then the Authority may, but shall not be obligated so to do, and without further notice to or demand upon the City and without waiving or releasing the City from any of its obligations in this Lease contained, (a) pay any taxes or other impositions payable by the City in accordance with Section 5.02 hereof, (b) take out, pay for and maintain any insurance or bonds provided for in Article III, or Article VI, or (c) make any other payment or perform any other act on the City's part to be made or performed as provided in this Lease. All sums so paid by the Authority and all necessary incidental costs and expenses in connection with the performance of any such act by the Authority shall be payable to the Authority, on demand or at the option of the Authority may be added to any installment of rent then due or thereafter becoming due under this Lease, and the City covenants to pay any such sums.

**Section 1.45 Illegal Provisions Disregarded.** If any term or provision hereof or the application thereof for any reason or circumstances shall to any extent be held to be invalid or unenforceable, the remaining provisions or the application of such term or provision to persons other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision hereof shall be valid and enforceable to the fullest extent permitted by law.

**Section 1.46 No Personal Recourse; Indemnification of Authority.** In the exercise of the power of the Authority and its members, officers, employees and agents hereunder including (without limiting the foregoing) the application of moneys, the investment of funds and the letting or other disposition of the Leased Premises in the event of default by the City, neither the Authority nor its members, officers, employees, or agents shall be accountable to the City for any action taken or omitted by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred. The Authority and such persons shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the City for any claims based hereon or on the Indenture against any member, officer, employee or agent of the Authority alleging personal liability on the part of such person unless such claims are based upon the bad faith, fraud or deceit of such person.

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

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

**Section 1.47 References to Statutes or Regulations.** A reference herein to a statute or to a regulation issued by a governmental agency includes the statute or regulation in force as of the date hereof, together with all amendments and supplements thereto and any statute or regulation substituted for such statute or regulations, unless the specific language or the context of the reference herein clearly includes only the statute or regulation in force as of the date hereof.

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

body or public officer as of the date hereof.

**Section 1.48 Governing Law.** Laws of the Commonwealth shall govern construction hereof.

**Section 1.49 Amendments.** The parties hereto from time to time may enter into any amendments hereto (which thereafter shall form a part hereof) as shall not adversely affect the rights of or the security of the Bondholders, only for the following purposes:

- (a) to cure any ambiguity, defect or omission herein or in any amendment hereto; or
- (b) to reflect a change in applicable law; or
- (c) to add to the covenants and agreements of the City herein contained, or to surrender any right or power herein reserved to or conferred upon the City which shall not impair the security hereof or adversely affect the rights of the Bondholders under the Indenture; provided that such amendments shall be approved by resolution of City Council.

All other amendments must be approved by the Trustee [and the Bond Insurer] and, if the Indenture must be amended with Bondholders' consent, the Bondholders in the same manner and to the same extent as is set forth in Section [ ] and [ ] of the Indenture; provided that such amendments shall be approved by resolution of City Council.

**Section 1.50 Notices.** All notices required or authorized to be given by the City, the Authority, [the Bond Insurer,] the Bank or the Trustee pursuant to this Lease shall be in writing and shall be sent by registered or certified mail, postage prepaid to the following addresses:

to the City to:

1330 Municipal Services Building

1401 John F. Kennedy Boulevard

Philadelphia, PA 19102

Attention: Director of Finance

640 Municipal Services Building

1401 John F. Kennedy Boulevard

Philadelphia, Pennsylvania 19102

Attention: Treasurer

to the Authority to:

100 South Broad Street

1500 Land Title Building

Philadelphia, Pennsylvania 19110-1088

Attention: Executive Director

[to the Bond Insurer to:]

to the Trustee to:

Wachovia Bank, National Association

123 South Broad Street, 11<sup>th</sup> Floor

Philadelphia, PA 19109

Attention: Corporate Trust Administration

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

**Section 1.51 Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

**Section 1.52 Headings.** Headings are for convenience of reference only and shall not affect the interpretation of the Lease.

**Section 1.53 Recording.** Either party may record this Lease or a memorandum thereof.

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

[CORPORATE SEAL] THE PHILADELPHIA MUNICIPAL AUTHORITY

Attest: \_\_\_\_\_  
Secretary

BY \_\_\_\_\_  
Chairman

CITY OF PHILADELPHIA

By \_\_\_\_\_  
Commissioner of Public Property

Approved:

\_\_\_\_\_  
Director of Finance

\_\_\_\_\_  
City Solicitor

**EXHIBIT A**

Attached to and made a part of a  
Lease dated as of \_\_\_\_\_, 2003  
CITY OF PHILADELPHIA, as Lessee and  
THE PHILADELPHIA MUNICIPAL AUTHORITY, as Lessor  
DESCRIPTION

All that certain lot or piece of ground situate in the Sixty-Fifth Ward of the City of Philadelphia, described in accordance with a survey plan made July 30, 1984 by John Reilly, Surveyor and Regulator of the Fourth Survey District as follows:

BEGINNING at a point on the Southeasterly side of State Road (80' wide and width varies), said point being the five following courses and distances from the intersection of the Southwesterly side of Pennypack Street (70' wide) and the Southeasterly side of State Road (width varies); (1) Southwestwardly along an arc of a circle, curving to the right, having a radius of 600' the arc distance of 120' 2-3/8" to a point of reverse curve; (2) Southwestwardly along an arc of a circle, curving to the left, having a radius of 600' the arc distance of 120' 2-3/8" to a point of curve; (3) S 56 degrees 13' 03" W, 338' 4-1/4"; (4) S 61 degrees 08' 59" W, 1589' 5-3/4"; (5) S 55 degrees 47' 15" W, 254' 5" to the point of beginning; thence extending from said point of beginning S 34 degrees 12' 45" E, the distance of 93' 0-1/2" to a point; thence extending S 30 degrees 22' 58" W, the distance of 185' 5-1/2" to a point; thence extending S 2 degrees 06' 12" W, the distance of 105' 1-3/4" to a point; thence extending S 30 degrees 12' 53" E, the distance of 127' 1-7/8" to a point on the Northwesterly side of a variable width proposed road easement (which extends Southwestwardly); thence extending S 36 degrees 45' 47" W along the Northwesterly side of the said variable width proposed road easement, the distance of 428' 6-3/4" to a point; thence extending S 29 degrees 23' 35" W along the Northwesterly side of the said variable with proposed road easement, the distance of 445' 0" to a point; thence extending S 55 degrees 47' 15" W, the distance of 106' 6" to a point; thence extending N 11 degrees 44' 15" W, the distance of 204' 10-1/2" to a point; thence extending N 34 degrees 12' 45" W, the distance of 267' 5-5/8" to a point; thence extending S 83 degrees 28' 15" W, the distance of 156' 10-1/2" to a point; thence extending N 6 degrees 31' 45" W, the distance of 216' 10-3/8" to a point in the Southeasterly side of State Road; thence extending along the said side of State Road N 55 degrees 47' 15" E, the distance of 1,108' 9-1/4" to the first mentioned point and place of beginning.

Containing in area 11.949 acres.

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

**EXHIBIT B**

attached to and made a part of a  
Lease dated as of \_\_\_\_\_, 2003  
CITY OF PHILADELPHIA, as Lessee and  
THE PHILADELPHIA MUNICIPAL AUTHORITY, as Lessor

DESCRIPTION

ALL THAT CERTAIN lot or piece of ground.

SITUATE in the Fifty Ward of the City of Phila., and described in accordance with a Plan of Property made November 16, 1987 by Lawrence J. Cleary, Surveyor and Regulator of the Third Survey District;

BEGINNING at a point formed by the intersection of the southerly side of Arch Street (72 feet wide) with the Westerly side of Thirteenth Street (50 feet wide); thence extending South 11 degrees 21 minutes 00 seconds West, along the said westerly side of Thirteenth Street, the distance of 301 feet to a point on the northerly side of Filbert Street (71 feet wide); thence extending South 11 degrees 21 minutes 00 seconds West along the said westerly side of Thirteenth Street produced the distance of 3 feet to a point on the proposed northerly side of Filbert Street (68 feet wide); thence extending North 78 degrees 59 minutes 00 seconds West, along the said proposed northerly side of Filbert Street, the distance of 250 feet to a point on the easterly side of Juniper Street (28 feet wide) produced; thence extending North 11 degrees 21 minutes 00 seconds East, along the said easterly side of Juniper Street produced the distance of 3 feet to a point on the said northerly side of Filbert Street (71 feet wide); thence extending North 11 degrees 21 minutes 00 seconds East, along the said easterly side of Juniper Street, the distance of 147 feet to a point on the southerly side of Cuthbert Street (20 feet wide); thence extending South 78 degrees 59 minutes 00 seconds East, along the said southerly side

of Cuthbert St., the distance of 42.616 feet to a point on the easterly end of said Cuthbert St.; thence extending North 11 degrees 01 minutes 00 seconds East, along the said easterly end of Cuthbert Street, the distance of 20 feet to a point on the northerly side of said Cuthbert St.; thence extending North 11 degrees 21 minutes 00 seconds East, the distance of 134 feet to a point on the said southerly side of Arch Street; thence extending South 78 degrees 59 minutes 00 seconds East, along the said southerly side of Arch Street, the distance of 87.500 feet to a point; thence extending North 11 degrees 21 minutes 00 seconds East, into the bed of said Arch Street, the distance of 3 feet to a point on the former southerly side of Arch St. (formerly 66 feet wide); thence extending South 78 degrees 59 minutes 00 seconds East, along the said former southerly side of Arch Street, the distance of 60 feet to a point; thence extending South 11 degrees 21 minutes 00 seconds West, the distance of 3 feet to a point on the said southerly side of Arch St. (72 feet wide) thence extending South 78 degrees 59 minutes 00 seconds East, along the said Southerly side of Arch Street, the distance of 60 feet to the said westerly side of Thirteenth Street, the first mentioned Point and place of beginning.  
CONTAINING in area 69,633 square feet  
(1,599 acres)

**EXHIBIT C**

attached to and made a part of a  
Lease dated as of \_\_\_\_\_, 2003  
CITY OF PHILADELPHIA, as Lessee and  
THE PHILADELPHIA MUNICIPAL AUTHORITY, as Lessor  
DESCRIPTION

ALL THAT CERTAIN lot or piece of ground situate in the 65th Ward of the city of Philadelphia and described in accordance with a Plan of Property made for Department of Public Property dated June 20, 1990 and revised July 3, 1990 by Joseph P. Muldowney, Surveyor and Regulator, 8th Survey District, as follows:

BEGINNING at a point on the Southeasterly side of State Road (80 feet wide, S. R. 1007) at the distance of 481.831 feet Northeastwardly from the Northeastly side of former Hartel Avenue (60 feet wide), said point of beginning also being the intersection of the said Southeasterly side of State Road and the Easterly Limited Access Right-of-Way line of the Delaware Expressway (S. R. 0095); thence extending along the said Southeasterly side of State Road and partially crossing the head of former Holmesburg Avenue (70 feet wide) stricken from the city plan North 55 degrees 55 minutes 41 seconds East, the distance of 179.912 feet to an angle point; thence continuing along the said Southeasterly side of State Road North 55 degrees 47 minutes 15 seconds East, the distance of 768.959 feet to a point; thence South 36 degrees 30 minutes 7 seconds East, the distance of 555.892 feet to a point; thence extending South 22 degrees 44 minutes |10•13| seconds East, the distance of 158.713 feet to a point; thence extending South 29 degrees 14 minutes 44 seconds East, the distance of 161.995 feet to a point; thence extending South 54 degrees 48 minutes 39 seconds East, the distance of 332.836 feet to a point; thence extending South 85 degrees 50 minutes 4 seconds East, the distance of 181.497 feet to a point; thence extending South 34 degrees 35 minutes 34 seconds East, the distance of 213.276 feet to a point; thence extending South 80 degrees 3 minutes |10<sup>L</sup>13|6 seconds East, the distance of 135.531 feet to a point; thence extending South 34 degrees 53 minutes 38 seconds East, the distance of 129.107 feet to a point; thence extending South 37 degrees 17 minutes 19 seconds East, the distance of 41.739 feet to a point; thence extending South 55 degrees 47 minutes 15 seconds West, the distance of 738.417 feet to a point; thence extending South 31 degrees 54 minutes 56 seconds East, the distance of 319.964 feet to a point; thence extending South 36 degrees 57 minutes 38 seconds West, partially crossing the bed of said former Holmesburg Avenue stricken from the city plan and partially crossing the bed of former Delaware Avenue stricken from city plan, the distance of 717-491 feet to a point in the bed of said Delaware Avenue; thence extending South 58 degrees 39 minutes 23 seconds West, partly passing through the bed of said Delaware Avenue stricken from the city plan, the distance of 89.125 feet to a point of curve; thence extending in a Westwardly direction partially crossing the bed of said Delaware Avenue stricken from the city plan on a line curving to the right having a radius of 200.000 feet, the arc distance of 304.167 feet to a point; thence extending North 34 degrees 12 minutes 22 seconds West, the distance of 1,633.187 feet to a point of curve; thence extending in a Northwestwardly direction on a line curving to the right having a radius of 120.000 feet, the arc distance of 79.0 feet to a point of reverse curve; thence extending still in a Northwestwardly direction on a line curving to the left having a radius of 180.000 feet, the arc distance of 153.000 feet to a point on a curve on the said Easterly Limited Access Right-of-Way Line of the Delaware Expressway (S. R. 0095); thence extending Northeastwardly along the said Easterly Right-of-Way Line of the Delaware Expressway (S. R. 0095) on a line curving to the left having a radius of 2,039.332 feet, the arc distance of 40.806 feet to a point; thence continuing along the said Easterly Right-of-Way Line of the Delaware Expressway (S. R. 0095) North 19 degrees 27 minutes 4 seconds East, the distance of 377.590 feet to a point; thence extending still along the Easterly Right-of-Way Line of the Delaware Expressway (S. R. 0095) South 55 degrees 55 minutes 41 seconds West, the distance of 7.341 feet to a point; thence extending along the same North 19 degrees 27 minutes 4 seconds East, the distance of 40.370 feet to a point on the said Southeasterly side of State Road, being the first mentioned point and place of beginning.

CONTAINING in area 2,969,846 Square Feet

68.178295 Acres

### ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS that THE PHILADELPHIA MUNICIPAL AUTHORITY (the "Authority"), pursuant to a Resolution of its Board heretofore duly adopted, does hereby irrevocably sell, assign, transfer and set over to Wachovia Bank, National Association, a national banking association, organized and existing under the laws of the United States of America, having a corporate trust office in Philadelphia, Pennsylvania, as Trustee under the Trust Indenture dated as of \_\_\_\_\_, 2003 (the "Indenture") of the Authority, or its successors or assigns, for value, all the right, title and interest of the Authority in and to this Lease dated as of \_\_\_\_\_, 2003, between the Authority and the City of Philadelphia, as well as all fixed rentals and other payments payable or which may become payable thereunder and all security therefor (except for amounts representing the Authority's Administrative Expenses as defined therein, certain indemnification rights of the Authority, and certain obligations of the Authority), the same to be held in trust and applied by said Trustee as provided in said Indenture; and the Authority does hereby constitute and appoint Trustee as aforesaid, its true and lawful attorney for it and in its name to collect and receive payment of any and all of said fixed rentals and other payments and to give good and sufficient receipts therefor, hereby ratifying and confirming all that said attorney may do in the premises. The Trustee may, but, except as otherwise provided in said Indenture shall not be required to, institute any proceedings or take any action in its name or in the name of the Authority to enforce payment or collection of any or all of such rentals and contributions and payments on accounts of such rentals.

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

- (a) The Authority shall have the right and duty to give all approvals and consents permitted or required under the Lease;
- (b) The Authority shall have the right to execute supplements and/or amendments to this Lease to the extent and in the manner permitted by the Indenture;
- (c) The Authority shall have the right to execute supplements and/or amendments to this Lease containing terms not adversely inconsistent with this Lease or the Indenture; provided, however, that the Lease, as so supplemented and/or amended, shall provide at least the same security for holders of bonds of the Authority issued under the Indenture as this Lease in the foregoing form; and
- (d) There shall be no responsibility on the part of the Trustee for duties or responsibilities of the Authority contained in this Lease and in any supplements and/or amendments thereto.

IN WITNESS WHEREOF, THE PHILADELPHIA MUNICIPAL AUTHORITY has caused this Assignment to be duly executed in its name by its Chairman, and its corporate seal to be hereunto affixed, attested by its Secretary and this Assignment to be dated as the \_\_\_\_ day of \_\_\_\_\_, 2003.

THE PHILADELPHIA MUNICIPAL  
AUTHORITY

By \_\_\_\_\_  
Chairman

[SEAL]

ATTEST:



Secretary

COMMONWEALTH OF PENNSYLVANIA :  
 : ss.  
COUNTY OF PHILADELPHIA :

On this, the \_\_\_\_ day of \_\_\_\_\_, 2003, before me undersigned, a notary public, personally appeared \_\_\_\_\_, who acknowledged that he is Commissioner of Public Property of the CITY OF PHILADELPHIA and that he, as such official, being authorized to do so, executed the foregoing Lease, for purposes therein contained, by signing the name of such municipal corporation by himself as such official.

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

\_\_\_\_\_  
Notary Public

[SEAL]

COMMONWEALTH OF PENNSYLVANIA :  
 : ss.  
COUNTY OF PHILADELPHIA :

On this, the \_\_\_\_ day of \_\_\_\_\_, 2003, before me the undersigned, a notary public, personally appeared \_\_\_\_\_, who acknowledged that he is Chairman of THE PHILADELPHIA MUNICIPAL AUTHORITY and that he, as such officer, being authorized to do so, executed the foregoing Lease and Assignment, for purposes therein contained, by signing the name of such municipal authority by himself as such officer.

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

\_\_\_\_\_  
Notary Public

[SEAL]



