City of Philadelphia

City Council
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Legislation Details (With Text)

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Title: Authorizing and approving the execution and delivery of a Service Agreement between The City of Philadelphia and The Philadelphia Municipal Authority relating to the financing of the acquisition of 400 North Broad Street and 1501 Callowhill Street (together with certain ancillary property rights), which premises the City has sub-leased for use as the City's police headquarters and certain other uses; approving the issuance by the Authority of bonds, notes or other evidences of indebtedness (including reimbursement obligations related to lines or letters of credit) in one or more series to finance or refinance such acquisition costs and authorizing and approving the obligation of The City of Philadelphia to pay in full when due the Service Fee and other amounts payable under the Service Agreement; authorizing certain City officers to take certain actions required to issue such bonds, notes or other evidences of indebtedness; covenanting that The City of Philadelphia will make necessary appropriations in each of the City's fiscal years to provide for, and will make timely payments of, the Service Fee and other amounts due under the Service Agreement; and authorizing and approving the Director of Finance of the City and other City officials to take other necessary or appropriate actions to effectuate the purposes of this ordinance; all under certain terms and conditions.

Sponsors: Council President Johnson, Councilmember Young

Indexes: LAND ACQUISITION

Code sections:

Attachments: 1. Bill No. 26052700, 2. CertifiedCopy26052700

Date	Ver.	Action By	Action	Result	Tally
6/12/2026	0	MAYOR	SIGNED		
6/11/2026	0	CITY COUNCIL	READ AND PASSED	Pass	17:0
6/4/2026	0	CITY COUNCIL	SUSPEND THE RULES OF THE COUNCIL		
6/4/2026	0	CITY COUNCIL	ORDERED PLACED ON THIS DAY`S FIRST READING CALENDAR		
6/4/2026	0	CITY COUNCIL	READ AND ORDERED PLACED ON NEXT WEEK'S SECOND READING CALENDAR		
6/4/2026	0	Committee on Finance			
6/4/2026	0	Committee on Finance			
6/4/2026	0	Committee on Finance			
6/3/2026	0	Committee on Finance	HEARING HELD		
6/3/2026	0	Committee on Finance	RECESSED		
6/3/2026	0	Committee on Finance	HEARING NOTICES SENT		
5/14/2026	0	CITY COUNCIL			

Authorizing and approving the execution and delivery of a Service Agreement between The City of Philadelphia and The Philadelphia Municipal Authority relating to the financing of the acquisition of 400 North

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Broad Street and 1501 Callowhill Street (together with certain ancillary property rights), which premises the City has sub-leased for use as the City's police headquarters and certain other uses; approving the issuance by the Authority of bonds, notes or other evidences of indebtedness (including reimbursement obligations related to lines or letters of credit) in one or more series to finance or refinance such acquisition costs and authorizing and approving the obligation of The City of Philadelphia to pay in full when due the Service Fee and other amounts payable under the Service Agreement; authorizing certain City officers to take certain actions required to issue such bonds, notes or other evidences of indebtedness; covenanting that The City of Philadelphia will make necessary appropriations in each of the City's fiscal years to provide for, and will make timely payments of, the Service Fee and other amounts due under the Service Agreement; and authorizing and approving the Director of Finance of the City and other City officials to take other necessary or appropriate actions to effectuate the purposes of this ordinance; all under certain terms and conditions.

WHEREAS, in December 2017, The City of Philadelphia (the "City") entered into a sublease (the "Original Sublease") with Philadelphia Authority for Industrial Development ("PAID") which Original Sublease was amended and restated pursuant to an Amended and Restated Sublease dated as of March 18, 2021 between the City and PAID (the "Sublease"), pursuant to which the City leased real property and improvements thereon known as 400 North Broad Street and 1501 Callowhill Street together with certain related property rights and interests (collectively, the "Premises") from PAID for use as the City's police headquarters and certain other uses; and

WHEREAS, PAID's rights to the Premises were obtained pursuant to a simultaneous master sublease from 400 North Broad Street Master Tenant, LLC (the "Landlord") (the "Original Master Sublease"), which Original Master Sublease was amended and restated pursuant to an Amended and Restated Master Sublease dated as of March 18, 2021 between PAID and Landlord (the "Master Sublease"); and

WHEREAS, the Master Sublease provides PAID with a purchase option for the Premises (to be exercised at the direction of the City) in calendar year 2026; and

WHEREAS, the City has determined it is in the best interest of the City to acquire the Premises pursuant to the terms of the Sublease and the Master Sublease (the "Acquisition"); and

WHEREAS, at the request of the City, The Philadelphia Municipal Authority (the "Authority") will provide financial services to the City by financing the costs of the Acquisition through the issuance of Obligations (as defined herein); and

WHEREAS, the Council of the City (the "Council") has, by this Ordinance, determined that it is in the best interests of the City to: (i) authorize and approve the execution and delivery of a Service Agreement (the "Service Agreement") by and between the City and the Authority; (ii) approve the issuance by the Authority of bonds, notes or other evidences of indebtedness (including reimbursement obligations related to lines or letters of credit) in such amount and for such purposes as described in Section 1 herein in one or more series, either as taxable or tax-exempt obligations; and (iii) authorize and approve the performance by the City of its obligation to pay in full when due the Service Fee (as defined in the Service Agreement) and other amounts payable under the Service Agreement; and

WHEREAS, The City is authorized to enter into the Service Agreement to enable the financing and refinancing of certain costs of the Acquisition; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Council hereby: (i) authorizes and approves the execution and delivery of the Service Agreement, which shall be substantially in the form of Exhibit A hereto, with the Authority; (ii) approves the issuance from time to time by the Authority of bonds, notes or other evidences of indebtedness (including reimbursement obligations related to lines or letters of credit) (the "Obligations") in an aggregate principal amount not to exceed Two Hundred Twenty-Five Million Dollars ($225,000,000), net of original issue discount, plus amounts necessary for costs of issuance, amounts necessary to effect any refunding of Obligations, interest on the Obligations and costs of credit or liquidity enhancement, at any one time outstanding, in one or more series, either as taxable or tax-exempt obligations, to finance or refinance certain costs of the Acquisition, interest on the Obligations, costs of credit or liquidity enhancement, amounts necessary to effect any refunding, and the costs of issuing the Obligations (collectively, the "Project"); and (iii) authorizes and approves the performance by the City of its obligation to pay in full when due the Service Fee

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payable under the Service Agreement (the "Service Fee") and other amounts payable under the Service Agreement.

SECTION 2. Pursuant to Bill No. 140073 (approved April 4, 2014), the Authority, in addition to such other powers as heretofore granted by Ordinance, is hereby empowered and specifically authorized to undertake the financing and effectuating of the Acquisition and other components of the Project. The Authority is hereby empowered to exercise, with respect to the Project, all powers granted by the Pennsylvania Municipality Authorities Act.

SECTION 3. The Director of Finance of the City (the "Director of Finance") is hereby authorized to execute and deliver, on behalf of the City, the Service Agreement in substantially the form of Exhibit A hereto, with such changes as the City Solicitor shall advise based on requirements of law or otherwise, and the Director of Finance shall approve, consistent with the terms of this Ordinance. No amendment or supplement to the Service Agreement which permits the total aggregate principal amount of the Authority's Obligations (at any one time outstanding) described in Section 1 hereof to be exceeded shall be executed unless first approved by ordinance of the Council.

SECTION 4. The issuance of Obligations to refund outstanding Obligations (whether at maturity, through redemption or otherwise) is hereby authorized, and the Director of Finance is hereby authorized to execute and deliver, on behalf of the City, any required amendment or supplement to the Service Agreement in such form as the City Solicitor shall advise and the Director of Finance shall approve, consistent with the terms of this Ordinance; provided that no amendment or supplement to the Service Agreement shall permit the issuance of Obligations by the Authority which causes the total aggregate principal amount of the Authority's Obligations (at any one time outstanding) described in Section 1 hereof to be exceeded unless first approved by ordinance of the Council.

SECTION 5. The Service Agreement (and any required amendment or supplement thereto) shall be executed in conjunction with the issuance by the Authority of its Obligations in an aggregate principal amount, together with the aggregate principal amount of any other Obligations issued by the Authority (at any one time outstanding) that does not exceed that set forth in Section 1 hereof to be applied for the purposes described in Section 1 hereof. The Obligations shall not be executed or delivered until the Director of Finance has approved the terms thereof.

SECTION 6. The City covenants to budget and make appropriations beginning in Fiscal Year 2027 and in each and every fiscal year thereafter in such amounts as shall be required in order to make timely all Service Fee payments due and payable and to pay timely all other amounts due and payable under the Service Agreement.

SECTION 7. As long as the Obligations issued by the Authority are outstanding, the City covenants unconditionally to make all Service Fee payments and pay all other amounts due as provided for under the Service Agreement directly to any trustee and/or other entity (each, a "Trustee") to which such Service Fee may be assigned as security for payment of the Obligations issued by the Authority, any other payments due to a lender or a holder with respect to any Obligations, and the obligations of the Authority under any credit facility and/or liquidity facility securing the related Obligations, only out of current revenues of the City, which payments shall not be suspended, abated, reduced, abrogated, waived, diminished or otherwise modified in any manner or to any extent whatsoever and regardless of any rights of set-off, recoupment or counterclaim that the City may have against the Authority or the Trustee or any holder of Obligations, any credit provider or any other party or parties and regardless of any contingency, act of God, event or cause whatsoever and notwithstanding any circumstances or occurrence that may arise after the date thereof.

SECTION 8. The City agrees to be bound by each and every provision, covenant and agreement set forth in the Service Agreement.

SECTION 9. The Director of Finance and all other proper officials of the City are hereby authorized, jointly and severally, on behalf of the City, to execute all documents (including without limitation one or more continuing disclosure agreements, letters of representation, continuing covenant agreements, escrow agreements, dealer manager agreements, reimbursement agreements for any lines or letters of credit, and intergovernmental or other cooperation agreements with the Authority, PAID and/or other appropriate parties, as directed by the Director of Finance) as may be necessary in order to accomplish the intent and purpose of this Ordinance and the Project, and to take all actions as may be required by the Constitution and the laws of the Commonwealth of Pennsylvania in order to effectuate the financing approved hereby and the issuance of the Obligations.

SECTION 10. The Council reasonably expects that the proceeds of each series of tax-exempt Obligations that originally finances costs of the Project will be expended for the Project within three years of the issuance of each such series and will not take any action or omit to take any action which would cause the expenditure of the proceeds of such tax-exempt Obligations for the Project to proceed other than with due diligence.

SECTION 11. In accordance with Treasury Regulations §1.150-2, the City hereby states its intention that a portion of the proceeds of the Obligations will be used to reimburse itself, PAID, or the Authority for expenditures for costs of the Project paid prior to the date of issuance of one or more series of the Obligations. The maximum principal amount of Obligations expected to be issued for the

Project is $225,000,000.

SECTION 12. This Ordinance shall take effect immediately.

EXHIBIT A

FORM OF SERVICE AGREEMENT

SERVICE AGREEMENT

BETWEEN

THE PHILADELPHIA MUNICIPAL AUTHORITY

AND

THE CITY OF PHILADELPHIA, PENNSYLVANIA

Dated as of [_____, 20__]

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SERVICE AGREEMENT

This Service Agreement made and entered into as of the [1st day of _____ 20__], between THE PHILADELPHIA MUNICIPAL AUTHORITY, a public body and a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "Authority"), and THE CITY OF PHILADELPHIA, PENNSYLVANIA, a corporation and body politic, and city of the first class of the Commonwealth of Pennsylvania (the "City").

WITNESSETH:

WHEREAS, the Authority is a public body and a body corporate and politic existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and organized pursuant to the Pennsylvania Municipality

Authorities Act, the Act of June 19, 2001, P.L. 287, as amended and supplemented (the "Act"); and

WHEREAS, under the Act, the Authority has all powers necessary or appropriate to carry out and effectuate the purposes and provisions of the Act, including, among others, the power to finance certain projects and to issue its bonds for any of its corporate purposes; and

WHEREAS, in December 2017, the City entered into a sublease (the "Original Sublease") with Philadelphia Authority for Industrial Development ("PAID"), which Original Sublease was amended and restated pursuant to an Amended and Restated Sublease dated as of March 18, 2021 between the City and PAID (the "Sublease"), pursuant to which the City leased real property and improvements thereon known as 400 North Broad Street and 1501 Callowhill Street together with certain related property rights and interests (collectively, the "Premises") from PAID for use as the City's police headquarters and certain other ancillary uses; and

WHEREAS, PAID's rights to the Premises were obtained pursuant to a simultaneous master sublease from 400 North Broad Street Master Tenant, LLC (the "Landlord") (the "Original Master Sublease"), which Original Master Sublease was amended and restated pursuant to an Amended and Restated Master Sublease dated as of March 18, 2021 between PAID and the Landlord (the "Master Sublease"); and

WHEREAS, the Master Sublease provides PAID with a purchase option for the Premises (to be exercised at the direction of the City) in calendar year 2026; and

WHEREAS, the City has determined it is in the best interest of the City to acquire the Premises pursuant to the terms of the Sublease and the Master Sublease (the "Acquisition"); and

WHEREAS, at the request of the City, the Authority will provide financial services to the City by financing the costs of the Acquisition and other costs of the Project (as hereafter defined) through the issuance of Obligations (as defined by the Ordinance (as hereafter defined)); and

WHEREAS, the City Council of the City (the "City Council"), by Ordinance (Bill No. [_____]), adopted [_____ __, 20__], and approved by the Mayor on [_____ __, 20__] (the "Ordinance") has: (i) authorized and approved the execution and delivery of this Service Agreement; (ii) approved the issuance from time to time by the Authority of bonds, notes or other evidences of indebtedness (including reimbursement obligations related to line or letters of credit) in an aggregate principal amount not to exceed $[_____], net of original issue discount, plus amounts necessary for costs of issuing the Obligations, amounts necessary to effect any refunding of Obligations, interest on the Obligations and costs of credit or liquidity enhancement at any one time outstanding, in one or more series, either as taxable or tax-exempt obligations, to finance or refinance certain costs of the Acquisition, interest on the Obligations, costs of credit or liquidity enhancement, amounts necessary to effect any refunding, and the costs of issuing the Obligations (collectively, the "Project"); and (iii) authorized and approved the obligation of the City to pay in full when due the Service Fee (as defined herein) and other amounts payable hereunder; and

WHEREAS, at the request of the City, the Authority has determined to issue its $[_____ City Service Agreement Revenue Bonds, Series 2026] (the "2026 Bonds") to finance a portion of the: (i) Costs of the Project, [and] (ii) [PLACEHOLDER IF BOND INSURANCE PREMIUM, and (iii)] the Costs of Issuance of the 2026 Bonds (together the "2026 Project"); and

WHEREAS, the City has determined, in accordance with the Ordinance, that it will pay to the Authority the Service Fee described herein; and

WHEREAS, the Authority is entering into a trust indenture of even date herewith (as supplemented from time to time in accordance with the terms thereof, the "Indenture") between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee") for the purposes of, among other things, issuing the 2026 Bonds and Additional Obligations and securing the payment thereof; and

WHEREAS, to secure the payment of the 2026 Bonds, any Additional Obligations (as defined in the Indenture)

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and any Credit Facility Payment Obligations (as defined in the Indenture), on such basis as is further provided in the Indenture, the Authority will assign to the Trustee all of its right, title and interest in and to this Service Agreement, as amended and supplemented from time to time (except for the Reserved Rights, as defined herein), for the equal and ratable benefit of the Holders (as defined in the Indenture) from time to time of the 2026 Bonds and any Additional Obligations and, to the extent provided in the Indenture, any Credit Issuer (as defined in the Indenture), including the Authority's right to receive the payments of the Service Fee due from the City hereunder; and

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

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

DEFINITIONS

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

"**Administrative Expenses**" shall mean the reasonable fees and expenses of the Authority and the Trustee and any paying agent, remarketing agent or other fiduciary or agent appointed under the Indenture, including reasonable legal fees and expenses, in connection with the funding and administration of the Project, the issuance of any Obligations, the administration of the Indenture, the performance of the Authority's obligations under this Service Agreement, or in connection with inquiring into, or enforcing the performance of, the City's obligations under this Service Agreement or the Indenture.

"**Annual Debt Service Requirement**" shall mean, with respect to each Fiscal Year, the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal and mandatory sinking fund redemption of and interest on, or any other payments with respect to, the Obligations and (ii) the payment of any Credit Facility Payment Obligations.

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

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

"**Commonwealth**" shall mean the Commonwealth of Pennsylvania.

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

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

"**Indenture**" shall mean the Trust Indenture dated as of the date hereof between the Authority and the Trustee, as amended or supplemented from time to time, pursuant to which the Obligations are issued and secured.

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

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

"**Trustee**" shall mean U.S. Bank Trust Company, National Association, as trustee under the Indenture, and its successors as trustee thereunder.

"2026 Obligations" shall mean the 2026 Bonds.

REPRESENTATIONS AND WARRANTIES

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

it is a public body and a body corporate and politic duly organized and existing under the laws of the Commonwealth with the power to enter into this Service Agreement and the transactions contemplated hereby and to carry out its obligations hereunder and has duly authorized the execution and delivery of this Service Agreement, the 2026 Bonds and the Indenture;

the issuance and sale of the 2026 Bonds, the execution and delivery of this Service Agreement and the Indenture by the Authority and the performance of all covenants and agreements of the Authority contained in this Service Agreement and of all other acts and things required under the Constitution and laws of the Commonwealth to make this Service Agreement a valid and binding obligation of the Authority in accordance with its terms, are authorized by the Act and have been duly authorized by proceedings of the Authority adopted or passed at meetings thereof duly called and held, and at which a quorum was present and acting at all relevant times; and

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

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

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

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

this Service Agreement has been duly executed on behalf of the City by its duly authorized Director of Finance and is the legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except as enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium, arrangement or other similar laws or legal or equitable principles affecting creditors' rights generally; and

the Ordinance remains in full force and effect on and as of the date of the delivery of this Service Agreement.

THE PROJECT

Funding of the Project. Upon the issuance of the 2026 Bonds, the Authority shall cause the proceeds thereof to

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be deposited in the funds and accounts established under the Indenture as set forth therein. Proceeds of any Additional Obligations shall be applied as set forth in the applicable Supplemental Indenture or in an Authority Certificate approved by the Director of Finance.

The ProjectThe City and the Authority hereby agree to undertake the Project. In undertaking the Project, the Authority will act at the direction of and with the cooperation of the City.

A Project Fund has been established under the Indenture to hold the proceeds of Obligations prior to expenditure on Costs of the Project. The City shall requisition funds from the Project Fund pursuant to the Indenture to pay the Costs of the Project or Costs of Issuance, including proceeds of the 2026 Bonds deposited therein to be applied to pay or reimburse Costs of the 2026 Project.

Proceeds of the 2026 Bonds shall be applied to pay Costs of Issuance of the 2026 Bonds, [PLACEHOLDER IF BOND INSURANCE,] and to pay or reimburse Costs of the 2026 Project in accordance with the Act and the Ordinance.

Notwithstanding any other provision of this Service Agreement to the contrary, no proceeds of any Obligations of any series shall be spent except in accordance with the Ordinance.

Additional Obligations. Upon the written request of the Director of Finance of the City, the Authority may issue Additional Obligations to pay or reimburse Costs of the Project and/or refund Outstanding Obligations, including amounts necessary for Costs of Issuance of such Additional Obligations, costs of credit or liquidity enhancement, and amounts necessary to effect any refunding and may also incur Credit Facility Payment Obligations. In connection with the issuance of Additional Obligations and any incurrence of Credit Facility Payment Obligations, the Authority and the City shall enter into an appropriate supplement to this Service Agreement, subject to the provisions of the Ordinance, and shall be deemed to reaffirm on and as of the date of the issuance of any Additional Obligations, all of the representations, warranties and covenants of the Authority and the City set forth in this Service Agreement except to the extent otherwise specified in such supplement.

SERVICE FEE

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

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

On the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, the amount which is equal to the principal or redemption price of the Obligations becoming due on such principal maturity date or mandatory sinking fund redemption date, as applicable, subject to credit for other available funds in the manner provided in the Indenture.

On the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, the amount which is equal to interest on the Obligations becoming due on such Interest Payment Date, subject to credit for other available funds in the manner provided in the Indenture;

On the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, any other payment due to the Holders of the Obligations becoming due on such date, subject to credit for other available funds in the manner provided in the Indenture.

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

Notwithstanding any other provision of this Service Agreement, an acceleration of the Authority's

payment obligations with respect to the Obligations or with respect to any Credit Facility Payment Obligation shall not cause an acceleration of the payment of the Service Fee hereunder.

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

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

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

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

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

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

contemporaneously with the execution and delivery hereof, any fees due the Authority or its counsel;

the Authority's other Administrative Expenses incurred from time to time with respect to any Obligations; and

directly to the Trustee, on behalf of the Authority, upon invoice therefor, the Administrative Expenses of the Trustee as provided in the Indenture.

The Administrative Expenses shall be payable only out of the proceeds of the Obligations or the current revenues of the City, and the City agrees to provide for the payment of the Administrative Expenses and include the same in its annual operating budget for each Fiscal Year to the extent not otherwise provided for. If the current revenues are insufficient to pay the total Administrative Expenses in any Fiscal Year as the same become due and payable, the City covenants to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing Fiscal Year such balance due in addition to the amount of Administrative Expenses due for such ensuing Fiscal Year.

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

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

Excess Funds. After all of the Obligations and Credit Facility Payment Obligations have been paid or payment thereof has been provided for and all interest and applicable premium, if any, due thereon and all other amounts required

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to be paid under the Indenture have been paid or provision for such retirement and payment has been made in accordance with the Indenture, excess moneys in the funds and accounts established under the Indenture from whatever source derived will be paid to the City. This paragraph shall survive the termination of this Service Agreement.

FURTHER AGREEMENTS

Compliance With Laws. The City covenants that all actions heretofore and hereafter taken by the City or by the Authority upon the request of any officer of the City in connection with the Project, including the making of contracts, have been and will be in full compliance with all pertinent laws, ordinances, rules, regulations and orders applicable to the City. The City acknowledges that any review by the Authority's staff or counsel of any action heretofore or hereafter taken by the City has been or will be solely for the protection of the Authority. Such reviews shall not prevent the Authority from enforcing any of the covenants made by the City.

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

City to Perform Certain Covenants Under Indenture. The City acknowledges that it has received an executed copy of the Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, and that, in consideration of the service of the Authority rendered to the City under this Service Agreement, it will take all such actions as are required of it under the Indenture to preserve and protect the rights of the Trustee, the Holders of the Obligations and Credit Issuers thereunder and that it will not take or effect any action which would cause a default thereunder or impair such rights. The City hereby assumes and agrees to perform all of the covenants and other obligations of the Authority under the Indenture, excepting only any approvals or consents required to be given by the Authority thereunder, and those covenants contained in the Indenture which are not within the control of the City.

Provisions Related to Tax-Exemption. Each of the City and the Authority covenants that it, with respect to any Obligations which are initially issued with the expectation that the interest thereon will be federally tax-exempt: (i) will neither make nor instruct the Trustee to make any investment or other use of the proceeds of the Obligations, the interest on which is intended to be excludable from gross income of the Holders thereof for federal income tax purposes, which would cause such Obligations to be "arbitrage bonds" (as defined in Section 148(a) of the Code); (ii) will comply with the requirements of the Code throughout the term of such Obligations so that the interest on such Obligations shall be excludable from gross income for federal income tax purposes; and (iii) will not apply the proceeds of such Obligations in such a manner as would result in the loss of the exclusion of interest on such Obligations from gross income of the Holders for federal income tax purposes. The City further covenants that it will calculate and pay directly to the United States the amount of arbitrage rebate with respect to any such Obligation payable to the United States Treasury under the Code. The Authority agrees to cooperate with the City's undertaking to comply with the arbitrage rebate rules.

No Personal Recourse Against Authority; Assumption of Financial Responsibility.

In the exercise of the power of the Authority and its members, officers, employees and agents under this Service Agreement or the Indenture including (without limiting the foregoing) the application of moneys and the investment of funds, neither the Authority nor its members, officers, employees or agents shall be accountable to the City for any action taken or omitted by it or them with respect to the issuance of the Obligations except actions constituting bad faith, willful misconduct, gross negligence, fraud or deceit of the Authority or of any member, officer, employee or agent of the Authority. The Authority and such other persons shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the City for any claims against any member, officer, employee or agent of the Authority alleging personal liability on the part of such person based on this Service Agreement or on the Indenture or based on the Authority's issuance of Obligations.

To the extent authorized by applicable law, and in consideration of the service being rendered by the Authority to the City pursuant to the Act, the City, but only from current revenues of the City, agrees to indemnify, defend and hold harmless the Authority and each of its directors, officers, employees, agents and representatives (each an "Indemnified Party" and collectively, the "Indemnified Parties"), against any and all suits, claims or causes of action (collectively, "Claims"), and all liabilities, losses, costs, expenses, judgments and amounts paid in settlement (including

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without limitation, reasonable attorneys' fees) of every kind (collectively, "Losses"), relating to or arising in connection with the Authority's entering into this Service Agreement, the Indenture or any other documents executed by the Authority in connection with the transactions contemplated in connection with the Project, the performance of any of the Authority's obligations hereunder or thereunder, any acts or omissions with respect to the Authority's interest under this Service Agreement, the Indenture or any other documents executed by the Authority in connection with the transactions contemplated thereby; except in each case to the extent that the Claims and Losses are attributable to the willful misconduct, gross negligence, bad faith, fraud or deceit of any such Indemnified Party.

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

The City shall have the right to control the defense of any legal proceedings involving any Claims (other than Claims relating to the inherent powers of the Authority), but shall keep the Authority advised as to all material developments in such proceedings. Notwithstanding anything herein to the contrary, the City shall not be required to indemnify or defend any Indemnified Party against any Claims or Losses to the extent such Claim or Loss is the result of the willful misconduct, bad faith, gross negligence, fraud or deceit of the Authority or such Indemnified Party; provided, however, the Authority's taking of any action, or the failure to take any action, which it is permitted to take under the terms of this Service Agreement, the Indenture or any of the documents involved in the issuance of the Obligations, shall under no circumstances be deemed to constitute willful misconduct, bad faith, gross negligence, fraud or deceit; and furthermore, the taking of any action by the Authority at the written direction of the City or the Trustee shall not under any circumstances be deemed to constitute willful misconduct, bad faith, gross negligence, fraud, or deceit.

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

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

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

Audits. The Authority hereby grants the City's Auditing Department the discretion to audit the affairs of the Authority as authorized in Article 6, Chapter 4, of the City's Home Rule Charter.

Additional Information. The City agrees, whenever reasonably requested by the Authority, to provide and certify or cause to be provided and certified such information concerning the Project and the City as the Authority reasonably considers necessary to enable it to make any reports or supply any information required under the provisions of the Indenture, applicable law or governmental regulation, or otherwise.

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EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

Remedies. If any Event of Default shall occur and be continuing, the Authority (or the Trustee as assignee of the Authority) may at its option exercise any one or more of the following remedies: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the City to perform its duties and obligations under this Service Agreement; (b) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Authority; or (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

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

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

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

MISCELLANEOUS

Notices.

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

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if to the Authority:

The Philadelphia Municipal Authority
100 South Broad Street, Suite 1525
Philadelphia, PA 19110
Attention: Executive Director

if to the City:

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

With a copy to:

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

if to the Trustee:

U.S. Bank Trust Company, National Association

1735 Market Street, 43rd Floor

Philadelphia, Pennsylvania 19103 EX-PA-M43P

Attention: Global Corporate Trust

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

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

Counterparts; Electronic Signatures. This Service Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same Service Agreement. The parties to this Service Agreement acknowledge that any party may execute this Service Agreement pursuant to digital or electronic means. Notwithstanding any time stamp accompanying a digital or electronic signature indicating an earlier time, this Service Agreement shall be effective upon the delivery of the 2026 Obligations through The Depository Trust Company.

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

Termination. This Service Agreement shall terminate on such date as the principal of and interest on, and any other payments due with respect to, all Obligations and all other amounts required under the Indenture to be paid and all other expenses payable by the City hereunder shall have been paid (or provision for such payment shall have been made

as provided in the Indenture) and all other conditions of this Service Agreement and the Indenture shall have been fully satisfied. Notwithstanding the foregoing, the City's obligations under Sections 505 and 506 hereof shall survive any such termination.

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

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

Amendments and Supplements.

The parties hereto from time to time may enter into any written amendments or supplements hereto (which thereafter shall form a part hereof) as shall not adversely affect the rights of or the security of the Holders of the Obligations, subject to the provisions of the Ordinance, only for the following purposes: (i) to cure any ambiguity, defect, or inconsistency or omission herein or in any amendment hereto; (ii) to grant to or confer upon the Authority or the Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the Authority or the Trustee; (iii) to reflect a change in applicable law; (iv) as appropriate in connection with the issuance of Additional Obligations; or (v) to provide terms not inconsistent with the Indenture or this Service Agreement; provided, however, that this Service Agreement as so amended or supplemented shall provide at least the same security for Holders of the Obligations issued under the Indenture as the Service Agreement in this form.

All other amendments must be approved by the Trustee and, to the extent required by the Indenture, by the Holders of the Obligations, in the manner as is set forth in Section [11.05] of the Indenture.

Any amendment or supplement to this Service Agreement (other than an amendment or supplement pursuant to Section 709(a) hereof) shall be approved by ordinance of the City Council and a copy of any such amendment or supplement, together with a copy of such ordinance, certified by the Clerk of the City Council, shall be filed with the Trustee.

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

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

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

THE PHILADELPHIA MUNICIPAL AUTHORITY

By:
Name:
Title:

THE CITY OF PHILADELPHIA, PENNSYLVANIA

By:
Name:
Title:

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