

Committee of the Whole
June 3, 2015

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COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE OF THE WHOLE

Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, June 3, 2015
10:45 a.m.

PRESENT:

COUNCIL PRESIDENT DARRELL L. CLARKE
COUNCILWOMAN CINDY BASS
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN BOBBY HENON
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN ED NEILSON
COUNCILMAN DAVID OH
COUNCILMAN BRIAN J. O'NEILL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MARK SQUILLA
COUNCILWOMAN MARIAN B. TASCO

BILLS 150162, 150163, 150164, 150165, 150166,
150167, 150438, 150471, 150375, 150376,
150377, 150378, 150379 and 150380
RESOLUTIONS 150179, 150307, 150308, 150309,
150310, 150311, 150312, 150313, 150314,
150315, 150316, and 150390

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2 COUNCIL PRESIDENT CLARKE: The
3 public meeting is called to order. For
4 those of you that don't remember, at the
5 last session on these particular
6 measures, we left the public hearing and
7 went into the public meeting. So there
8 will not be testimony today from the
9 public because we are in a public
10 meeting. We will take action on a number
11 of amendments and resolutions.

12 This is a public meeting of the
13 Committee of the Whole. The purpose of
14 this public meeting is to take action on
15 Resolutions No. 150307 through 150316,
16 which make various Board appointments to
17 Center City District and Old City Special
18 Services District, and Bills No. 150375,
19 150376, 150377, 150378, 150379, 150380,
20 and Resolution 150390, all related to the
21 Gallery Mall.

22 Mr. Christmas, will you please
23 read the titles of the bills and
24 resolutions.

25 THE CLERK: Bill No. 150375,

1 6/3/15 - WHOLE - BILL 150162, etc.
2 authorizing the Commissioner of Public
3 Property, the Director of Commerce, and
4 other officials of the City to execute or
5 approve various agreements and other
6 matters by and among the City, the
7 Philadelphia Redevelopment Authority, the
8 Philadelphia Authority for Industrial
9 Development, and others relating to the
10 redevelopment, operation, and maintenance
11 of properties located on the north side
12 of Market Street between 8th and 11th
13 Streets in the City and commonly known as
14 the Gallery Mall; all under certain terms
15 and conditions; and

16 Bill No. 150376, authorizing
17 the revision of lines and grades on a
18 portion of City Plan No. 307 by striking
19 from the City Plan and vacating certain
20 subsurface portions of Market Street east
21 of Ninth Street, Tenth Street between
22 Market Street and Filbert Street, and
23 Eleventh Street between Market Street and
24 Filbert Street, and by striking from said
25 City Plan and vacating certain aerial

1 6/3/15 - WHOLE - BILL 150162, etc.
2 portions of Ninth Street between Market
3 Street and Filbert Street and Tenth
4 Street between Market Street and Filbert
5 Street; and authorizing the conveyance of
6 such struck and vacated areas, together
7 with certain areas previously struck and
8 vacated; all under certain terms and
9 conditions; and

10 Bill No. 150377, authorizing
11 the construction, ownership, and
12 maintenance of various encroachments into
13 the right-of-way of Market Street,
14 Filbert Street, 11th Street, 10th Street,
15 9th Street and 8th Street, and
16 authorizing the assignment of certain
17 rights with respect to an overhead
18 pedestrian bridge above Filbert Street
19 west of the house line of Ninth Street to
20 be assigned, all under certain terms and
21 conditions; and

22 Bill No. 150378, approving the
23 ninth amendment of the redevelopment
24 proposal for the Market Street East Urban
25 Renewal Area, including the second

1 6/3/15 - WHOLE - BILL 150162, etc.
2 amendment to the urban renewal plan,
3 which provides, inter alia, for the
4 rehabilitation of the Gallery at Market
5 East as a first class mixed use retail
6 center; and

7 Bill No. 150379, amending
8 Section 14-502 of The Philadelphia Code,
9 entitled "/CTR, Center City Overlay," by
10 adding a new subsection entitled "Market
11 Street East Retail Area," relating to
12 accessory signs; amending Section 14-906,
13 entitled "Market Street East Sign
14 Regulations," relating to accessory and
15 non-accessory signs; and making related
16 changes, all under certain terms and
17 conditions; and

18 Bill No. 150380, an ordinance
19 creating the Gallery at Market East Tax
20 Increment Financing District, being the
21 area generally bounded by Filbert Street
22 on the north, 8th Street on the east,
23 11th Street on the west, and Market
24 Street on the south, including certain
25 improvements located therein, and

1 6/3/15 - WHOLE - BILL 150162, etc.
2 approving the project plan of the
3 Philadelphia Authority for Industrial
4 Development for the redevelopment of the
5 Gallery at Market East Tax Increment
6 Financing District and making certain
7 findings and declarations, all in
8 accordance with the Tax Increment
9 Financing Act, being the Act of July 11,
10 1990, Public Law 465, No. 113, as
11 amended, and authorizing the Director of
12 Finance and other offices of the City to
13 execute documents and do all things
14 necessary to carry out the intent of this
15 Ordinance; and

16 Resolution 150307, reappointing
17 Peter Rothberg, to the Board of Directors
18 for the Old City Special Services
19 District; and

20 Resolution 150308, reappointing
21 Sheryl Bar, to the Board of Directors for
22 the Old City Special Services District;
23 and

24 Resolution 150309, reappointing
25 Harvey Spear, to the Board of Directors

1 6/3/15 - WHOLE - BILL 150162, etc.

2 for the Old City Special Services

3 District; and

4 Resolution 150310, appointing

5 Leo Addimando, to the Board of Directors

6 for the Old City Special Services

7 District; and

8 Resolution 150311, reappointing

9 Chris Terlizzi, to the Board of Directors

10 of the Center City District; and

11 Resolution 150312, reappointing

12 Ernest Jones, to the Board of Directors

13 of the Center City District; and

14 Resolution 150313, reappointing

15 Harold Epps, to the Board of Directors of

16 the Center City District; and

17 Resolution 150314, reappointing

18 Larry Howard, to the Board of Directors

19 of the Center City District; and

20 Resolution 150315, appointing

21 Peter Soens, to the Board of Directors of

22 the Center City District; and

23 Resolution 150316, appointing

24 Julie Coker, to the Board of Directors of

25 the Center City District; and

1 6/3/15 - WHOLE - BILL 150162, etc.
2 Finally, Resolution 150390,
3 approving that certain Amended and
4 Restated Lease and Redevelopment
5 Agreement between the Philadelphia
6 Redevelopment Authority and PR Gallery I
7 Limited Partnership for 833 Market
8 Street, 901 Market Street and 905 Market
9 Street; that certain Amended and Restated
10 Lease and Redevelopment Agreement between
11 the Philadelphia Redevelopment Authority
12 and Keystone Philadelphia Properties, LP
13 for 1001 through 1019 Market Street; that
14 certain Amended and Restated Lease and
15 Redevelopment Agreement between the
16 Philadelphia Redevelopment Authority and
17 Keystone Philadelphia Properties for 1025
18 Market Street, for the redevelopment and
19 urban renewal of a portion of the Market
20 Street East Urban Renewal Area, including
21 certain air rights and other property
22 included in the aforementioned Amended
23 and Restated Lease and Redevelopment
24 Agreements; authorizing the Philadelphia
25 Redevelopment Authority to execute the

1 6/3/15 - WHOLE - BILL 150162, etc.
2 aforementioned Amended and Restated Lease
3 and Redevelopment Agreements with PR
4 Gallery I Limited Partnership and
5 Keystone Philadelphia Properties, LP, as
6 applicable, and to take such action as
7 may be necessary to effectuate the
8 aforementioned Amended and Restated Lease
9 and Redevelopment Agreements.

10 COUNCIL PRESIDENT CLARKE:

11 Thank you, Mr. Christmas.

12 The Chair recognizes Councilman
13 Squilla for a single motion on the
14 resolutions.

15 COUNCILMAN SQUILLA: Thank you,
16 Mr. President. I move that Resolution
17 No. 150307, 150308, 150309, 150310,
18 150311, 150312, 150313, 150314, 150315,
19 and 150316 be reported out of this
20 Committee with a favorable
21 recommendation.

22 (Duly seconded.)

23 COUNCIL PRESIDENT CLARKE:

24 Thank you. It has been moved and
25 properly seconded that Resolution No.

1 6/3/15 - WHOLE - BILL 150162, etc.
2 150307, 150308, 150309, 150310, 150311,
3 150312, 150313, 150314, 150315, and
4 150316 be reported from this Committee
5 with a favorable recommendation.

6 All those in favor say aye.

7 (Aye.)

8 COUNCIL PRESIDENT CLARKE:

9 Those opposed?

10 (No response.)

11 COUNCIL PRESIDENT CLARKE: The
12 motion carries, and these resolutions
13 will be reported from this Committee with
14 a favorable recommendation at the next
15 session of Council.

16 I now recognize Councilmember
17 Squilla for a motion on Bill No. 150375.

18 COUNCILMAN SQUILLA: Thank you,
19 Mr. President. I move that Bill No.
20 150375 be reported from this Committee
21 with a favorable recommendation and
22 further move that the rules of Council be
23 suspended to permit first reading of this
24 bill at the next session of Council.

25 (Duly seconded.)

1 6/3/15 - WHOLE - BILL 150162, etc.

2 COUNCIL PRESIDENT CLARKE:

3 Thank you. It has been moved and
4 properly seconded that Bill No. 150375 be
5 reported from this Committee with a
6 favorable recommendation and further
7 moved that the rules of Council be
8 suspended so as to permit first reading
9 of this bill at the next session of
10 Council.

11 All those in favor say aye.

12 (Aye.)

13 COUNCIL PRESIDENT CLARKE:

14 Those opposed?

15 (No response.)

16 COUNCIL PRESIDENT CLARKE: The
17 ayes have it and the motion carries.
18 Bill No. 150375 will be reported from
19 this Committee with a favorable
20 recommendation with a request that the
21 rules of Council be suspended so as to
22 permit first reading at the next session
23 of Council.

24 The Chair now recognizes
25 Councilmember Squilla for a motion on

1 6/3/15 - WHOLE - BILL 150162, etc.

2 Bill No. 150376.

3 COUNCILMAN SQUILLA: Thank you,
4 Mr. President. I move that the amendment
5 to Bill No. 150376 be adopted, that this
6 bill, as amended, be reported from this
7 Committee with a favorable recommendation
8 and further move that the rules of
9 Council be suspended to permit first
10 reading of this bill at the next session
11 of Council.

12 (Duly seconded.)

13 COUNCIL PRESIDENT CLARKE:
14 Thank you. It has been moved and
15 properly seconded that the amendment to
16 Bill No. 150376 be adopted and that the
17 bill, as amended, be reported from this
18 Committee with a favorable recommendation
19 and further moved that the rules of
20 Council be suspended to permit first
21 reading of this bill at the next session
22 of Council.

23 All those in favor of this
24 motion signify by saying aye.

25 (Aye.)

1 6/3/15 - WHOLE - BILL 150162, etc.

2 COUNCIL PRESIDENT CLARKE:

3 Those opposed?

4 (No response.)

5 COUNCIL PRESIDENT CLARKE: The
6 ayes have it and the motion carries.
7 Bill No. 150376, as amended, will be
8 reported from this Committee with a
9 favorable recommendation with a request
10 that the rules of Council be suspended so
11 as to permit first reading at our next
12 session of Council.

13 The Chair again recognizes
14 Councilmember Squilla for a motion on
15 Bill No. 150377.

16 COUNCILMAN SQUILLA: Thank you
17 again, Mr. President. I move that Bill
18 No. 150377 be reported from this
19 Committee with a favorable recommendation
20 and further move that the rules of
21 Council be suspended to permit first
22 reading of this bill at the next session
23 of Council.

24 (Duly seconded.)

25 COUNCIL PRESIDENT CLARKE: It's

1 6/3/15 - WHOLE - BILL 150162, etc.
2 been moved and properly seconded that
3 150377 be reported from this Committee
4 with a favorable recommendation and
5 further moved that the rules of Council
6 be suspended so as to permit first
7 reading at the next session of Council.

8 All those in favor signify by
9 saying aye.

10 (Aye.)

11 COUNCIL PRESIDENT CLARKE:

12 Those opposed?

13 (No response.)

14 COUNCIL PRESIDENT CLARKE: The
15 ayes have it and the motion carries.
16 Bill No. 150377 will be reported from
17 this Committee with a favorable
18 recommendation with a request that the
19 rules of Council be suspended so as to
20 permit first reading at the next session
21 of Council.

22 The Chair again recognizes
23 Councilmember Squilla for a motion on
24 Bill No. 150378.

25 COUNCILMAN SQUILLA: Thank you,

1 6/3/15 - WHOLE - BILL 150162, etc.
2 Mr. President. I move that Bill No.
3 150378 be reported from this Committee
4 with a favorable recommendation and
5 further move that the rules of Council be
6 suspended to permit first reading of this
7 bill at the next session of Council.

8 (Duly seconded.)

9 COUNCIL PRESIDENT CLARKE:

10 Thank you. It has been moved and
11 properly seconded that Bill No. 150377 be
12 reported from this Committee with a
13 favorable recommendation and further
14 moved that the rules of Council be
15 suspended to permit first reading at the
16 next session of Council.

17 All those in favor say aye.

18 (Aye.)

19 COUNCIL PRESIDENT CLARKE:

20 Those opposed?

21 (No response.)

22 COUNCIL PRESIDENT CLARKE: The
23 ayes have it and the motion carries.
24 Bill No. 150378 will be reported from
25 this Committee with a favorable

1 6/3/15 - WHOLE - BILL 150162, etc.
2 recommendation with a request that the
3 rules of Council be suspended to permit
4 first reading at the next session of
5 Council.

6 The Chair again recognizes
7 Councilmember Squilla for a motion on
8 Bill No. 150379.

9 COUNCILMAN SQUILLA: Thank you,
10 Mr. President. I move that the amendment
11 to Bill No. 150379 be adopted and that
12 the bill, as amended, be reported from
13 this Committee with a favorable
14 recommendation and further move that the
15 rules of Council be suspended to permit
16 first reading of this bill at the next
17 session of Council.

18 (Duly seconded.)

19 COUNCIL PRESIDENT CLARKE: It
20 has been moved and properly seconded that
21 the amendment to Bill No. 150379 be
22 adopted and that the bill, as amended, be
23 reported from this Committee with a
24 favorable recommendation and further
25 moved that the rules of Council be

1 6/3/15 - WHOLE - BILL 150162, etc.
2 suspended to permit first reading of this
3 bill at the next session of Council.

4 All those in favor signify by
5 saying aye.

6 (Aye.)

7 COUNCIL PRESIDENT CLARKE:

8 Those opposed?

9 (No response.)

10 COUNCIL PRESIDENT CLARKE: The
11 ayes have it and the motion carries.
12 Bill No. 150379, as amended, will be
13 reported from this Committee with a
14 favorable recommendation with a request
15 that the rules of Council be suspended to
16 permit first reading at the next session
17 of Council.

18 The Chair again recognizes
19 Councilman Squilla for a motion on Bill
20 No. 150380.

21 COUNCILMAN SQUILLA: Thank you,
22 Mr. President. I move that the amendment
23 to Bill No. 150380 be adopted and that
24 the bill, as amended, be reported from
25 this Committee with a favorable

1 6/3/15 - WHOLE - BILL 150162, etc.
2 recommendation and further move that the
3 rules of Council be suspended to permit
4 first reading of this bill at the next
5 session of Council.

6 (Duly seconded.)

7 COUNCIL PRESIDENT CLARKE:

8 Thank you. It has been moved and
9 properly seconded that the amendment to
10 Bill No. 150380 be adopted and that the
11 bill, as amended, be reported from this
12 Committee with a favorable recommendation
13 and further moved that the rules of
14 Council be suspended so as to permit
15 first reading of this bill at the next
16 session of Council.

17 All those in favor say aye.

18 (Aye.)

19 COUNCIL PRESIDENT CLARKE:

20 Those opposed?

21 (No response.)

22 COUNCIL PRESIDENT CLARKE: The
23 ayes have it and the motion carries.
24 Bill No. 150380, as amended, will be
25 reported from this Committee with a

1 6/3/15 - WHOLE - BILL 150162, etc.
2 favorable recommendation with a request
3 that the rules of Council be suspended so
4 as to permit first reading at the next
5 session of Council.

6 The Chair one more time
7 recognizes Councilman Squilla for a
8 motion on Resolution 150390.

9 COUNCILMAN SQUILLA: Thank you,
10 Mr. President. I move that the amendment
11 to Resolution No. 150390 be adopted and
12 that the resolution, as amended, be
13 reported from this Committee with a
14 favorable recommendation.

15 (Duly seconded.)

16 COUNCIL PRESIDENT CLARKE:
17 Thank you. It has been moved and
18 properly seconded that the amendment to
19 Resolution No. 150390 be adopted and that
20 the resolution, as amended, be reported
21 from this Committee with a favorable
22 recommendation.

23 All those in favor of the
24 motion will signify by saying aye.

25 (Aye.)

1 6/3/15 - WHOLE - BILL 150162, etc.

2 COUNCIL PRESIDENT CLARKE:

3 Those opposed?

4 (No response.)

5 COUNCIL PRESIDENT CLARKE: The

6 ayes have it and the motion carries.

7 Resolution No. 150390, as amended, will

8 be reported from this Committee with a

9 favorable recommendation.

10 The Committee of the Whole will

11 now go into its public hearing. That

12 actually concludes the public meeting on

13 this particular TIF matter, for the

14 record, and the Committee of the Whole

15 will now go into the public hearing on

16 the bills related to the budget.

17 Mr. Christmas, please read the

18 titles of the bills.

19 THE CLERK: Bill No. 150162, an

20 ordinance to adopt a Capital Program for

21 the six Fiscal Years 2016 through 2021

22 inclusive; and

23 Bill No. 150163, to adopt a

24 Fiscal 2016 Capital Budget; and

25 Bill No. 150164, adopting the

1 6/3/15 - WHOLE - BILL 150162, etc.
2 Operating Budget for Fiscal Year 2016;
3 and

4 Bill No. 150165, amending
5 Section 19-1801 of The Philadelphia Code,
6 entitled "Authorization of Tax," to
7 further authorize the Board of Education
8 of the School District of Philadelphia to
9 impose a tax on real estate within the
10 City of Philadelphia, to provide for an
11 increase in the tax, and making technical
12 changes, all under certain terms and
13 conditions; and

14 Bill No. 150166, amending
15 Section 19-1806 of The Philadelphia Code,
16 entitled "Authorization of Realty Use and
17 Occupancy Tax," to further authorize the
18 Board of Education of the School District
19 of Philadelphia to impose a tax on the
20 use or occupancy of real estate within
21 the School District of Philadelphia,
22 under certain terms and conditions; and

23 Bill No. 150167, amending
24 Chapter 19-1500 of The Philadelphia Code,
25 entitled "Wage and Net Profits Tax," by

1 6/3/15 - WHOLE - BILL 150162, etc.
2 revising certain tax rates, under certain
3 terms and conditions; and

4 Bill No. 150438, amending
5 Section 19-1806 of The Philadelphia Code,
6 entitled "Authorization of Realty Use and
7 Occupancy Tax," to further authorize the
8 Board of Education of the School District
9 of Philadelphia to impose a tax on the
10 use or occupancy of real estate within
11 the School District of Philadelphia and
12 to set the rate for such tax, and making
13 technical changes; all under certain
14 terms and conditions; and

15 Bill No. 150471, authorizing
16 the transfer in appropriations for Fiscal
17 Year 2016 within the General Fund, from
18 the Department of Human Services -
19 Prisons to the Office of Housing and
20 Community Development, to support
21 landscaping and lot-cleaning jobs in the
22 Philadelphia Re-Entry Employment Program
23 for Returning Citizens, under certain
24 terms and conditions; and

25 Finally, Resolution 150179,

1 6/3/15 - WHOLE - BILL 150162, etc.
2 providing for the approval by the Council
3 of the City of Philadelphia of a Revised
4 Five Year Financial Plan for the City of
5 Philadelphia covering Fiscal Years 2016
6 through 2020, and incorporating proposed
7 changes with respect to Fiscal Year 2015,
8 which is to be submitted by the Mayor to
9 the Pennsylvania Intergovernmental
10 Cooperation Authority pursuant to the
11 Intergovernmental Cooperation Agreement,
12 authorized by an ordinance of this
13 Council approved by the Mayor on January
14 3, 1992 (Bill No. 1563-A), by and between
15 the City and the Authority.

16 COUNCILMAN JONES: Today we are
17 continuing the public hearing of the
18 Committee of the Whole to consider
19 various bills read by the Clerk that
20 constitute proposed operating and capital
21 spending measures for Fiscal Year 2016, a
22 Capital Program, and a forward-looking
23 Capital Plan for Fiscal Year 2016 through
24 Fiscal Year 2021.

25 We are asking the Department of

1 6/3/15 - WHOLE - BILL 150162, etc.
2 Commerce for a callback to come up to the
3 witness table, and we should have a brief
4 Q and A about some of the questions that
5 went unanswered during the regular part
6 of the budget process, and we're
7 referring to an actual letter sent by the
8 President of City Council, President
9 Darrell Clarke, on May 12th, 2015.

10 (Witnesses approached witness
11 table.)

12 COUNCILMAN JONES: To everyone,
13 good afternoon and state your name for
14 the record, please.

15 DEPUTY MAYOR GREENBERGER: Good
16 morning. Alan Greenberger, Deputy Mayor
17 for Economic Development and Director of
18 Commerce. With me today is Karen Fegely,
19 who is our Deputy Commerce Director, and
20 John Grady, President of PIDC.

21 COUNCILMAN JONES: Thank you
22 very much. Do you have a copy of the
23 letter that was sent by the President of
24 Council?

25 DEPUTY MAYOR GREENBERGER: Sent

1 6/3/15 - WHOLE - BILL 150162, etc.

2 to or from?

3 COUNCILMAN JONES: From. It
4 also included your response.

5 DEPUTY MAYOR GREENBERGER: Yes.
6 I have the response here, yes.

7 COUNCILMAN JONES: So what I'd
8 like to do -- and we've talked about this
9 prior to this hearing, and many of the
10 questions have been answered, but what
11 I'd like to do is have them put on the
12 record. And so if you'll bear with me on
13 Question No. 1.

14 DEPUTY MAYOR GREENBERGER: Go
15 ahead.

16 COUNCILMAN JONES: And one of
17 the questions -- and they were from not
18 just myself but other members of Council.
19 And we asked, could you provide a total
20 participation of professional contracts
21 for WBE, MBE, and women-owned firms, and
22 can you read your --

23 DEPUTY MAYOR GREENBERGER:
24 Sure. This is part of an exhibit. The
25 minority participation rate for

1 6/3/15 - WHOLE - BILL 150162, etc.
2 professional service contracts awarded by
3 City departments in FY 2014 was 21.64
4 percent and the women-owned business
5 participation rate was 14.64 percent.

6 COUNCILMAN JONES: Thank you.
7 And the second question was submitted by
8 Councilman Wilson Goode. Could you
9 provide a comparison of sustainable
10 growth during the Nutter Administration
11 compared to the period of 1984 to '89,
12 which I believe is the period in which
13 Wilson Goode, Sr. was Mayor.

14 DEPUTY MAYOR GREENBERGER: So
15 according to the state and area
16 employment data, which we get from the
17 U.S. Bureau of Labor Statistics, total
18 non-farm employment in the City or
19 County, since they're the same, of
20 Philadelphia grew by 3.3 percent between
21 2009 and 2014. In the most recent
22 five-year period with larger growth than
23 2009 to 2014 was 1983 to 1988 when there
24 was a 4.4 percent growth in total
25 non-farm employment.

1 6/3/15 - WHOLE - BILL 150162, etc.

2 COUNCILMAN JONES: I know all
3 of the job growth was due to you and your
4 team, but can you submit any other
5 factors that may have contributed to this
6 growth rate over this period of time.

7 DEPUTY MAYOR GREENBERGER: I
8 would cite a number of things. Certainly
9 the rise in the City's population as a
10 result of its reputation nationally has
11 attracted a lot of talent here. Talent
12 generally attracts businesses. We hear
13 this all the time. And so we find that a
14 number of businesses who are coming into
15 Philadelphia are specifically coming in
16 to be able to access the talent. Comes
17 out of our universities, also comes from
18 people moving here. That's probably the
19 biggest factor. It's not, by the way,
20 uncommon in American cities, but we
21 happen to be doing reasonably well with
22 it.

23 COUNCILMAN JONES: Okay. Third
24 question is, can you submit to the Chair
25 year-to-date information on multi-year

1 6/3/15 - WHOLE - BILL 150162, etc.
2 tax credit applications and process
3 approved applications.

4 DEPUTY MAYOR GREENBERGER:

5 Sorry if there's a bit of a blizzard of
6 numbers here, but to date, the Revenue
7 Department has received 37 applications,
8 for a total of 1,049 jobs to be created
9 in 2015 under the new Job Creation Tax
10 Credit, JCTC. This amounts to \$5.245
11 million of JCTC available or reserved
12 each year for the next five years for
13 these jobs to be created in 2015.
14 Overall, the total JCTC available in tax
15 year 2015 for jobs to be created in 2015,
16 which is based on -- the limit is based
17 on 2 percent of the 2014 BIRT collection,
18 business income and receipts tax
19 collection, is about \$9 million, 25
20 percent of which is reserved for small
21 businesses with 25 or less employees. So
22 point is, after all the numbers, the
23 program is doing very well.

24 COUNCILMAN JONES: Is that an
25 increase over the same period of time?

1 6/3/15 - WHOLE - BILL 150162, etc.

2 DEPUTY MAYOR GREENBERGER: It's
3 a substantial increase because of the
4 opportunity to use these credits for five
5 years rather than one.

6 COUNCILMAN JONES: Okay. Thank
7 you.

8 What is the conversion rate of
9 commercial space to residential space?
10 And I would guess that deals with the
11 Center City area primarily.

12 DEPUTY MAYOR GREENBERGER:
13 Mostly, but not entirely, yeah. So this
14 information comes from Newmark Grubb
15 Knight Frank and Center City District.
16 We are aware of 45 completed development
17 projects since 1997 that you could
18 characterize as commercial space being
19 converted to residential. These 45
20 projects represent a lot of square
21 footage, 6.662 million square feet of
22 development. And commercial space
23 conversion peaked in 2007 with eight
24 projects completed that year. Then,
25 additionally, there are four conversion

1 6/3/15 - WHOLE - BILL 150162, etc.
2 projects currently in progress totalling
3 466,000 square feet and two projects
4 which have been proposed totalling
5 370,000 square feet. So it is a
6 substantial amount of conversion since
7 1997.

8 COUNCILMAN JONES: So given
9 your druthers as the primary focus of
10 economic development in the City of
11 Philadelphia, you would rather have
12 commercial space per square foot versus
13 residential space? And anybody at the
14 table can chime in on that.

15 DEPUTY MAYOR GREENBERGER:
16 Well, I think we want to -- both of them
17 are good for the City for different
18 reasons. We certainly want to see an
19 expansion of the commercial space. One
20 of the things that the expansion of
21 residential conversions has done, which I
22 think is ultimately a good thing besides
23 putting people living in the City, is
24 that it has tightened the supply of
25 commercial space. You could argue that

1 6/3/15 - WHOLE - BILL 150162, etc.
2 it has forced some projects into
3 existence. Comcast may have done what
4 they were doing anyway, but things like
5 the FMC Tower at 30th Street are in part
6 a result of less supply of top A grade
7 commercial space.

8 So the residential conversions
9 do keep our office vacancies low. They
10 take out of service space that may not be
11 desirable and space that, frankly, might
12 suppress the rental revenues that are
13 available. As you know, we always have a
14 problem with high cost of development,
15 relatively low revenues. As the revenue
16 side goes up, development is more
17 enabled. This gets more blocks that are
18 empty taken care of. So there is a bit
19 of a virtuous circle to all of this, but
20 certainly if you could just pick one,
21 probably would pick commercial anyway.

22 COUNCILMAN JONES: Well, I
23 would imagine that, but under your
24 theory, supply and demand is in effect,
25 and when you reduce the supply of

1 6/3/15 - WHOLE - BILL 150162, etc.
2 commercial, it makes it more coveted as
3 in the case of Comcast's decision to
4 build a second tower.

5 DEPUTY MAYOR GREENBERGER: I
6 think so. It's not a perfect set of
7 cause and effect, but I think there is
8 cause and effect in there.

9 COUNCILMAN JONES: Okay. I'll
10 take it.

11 What is the vacancy rate of
12 industrial parcels in the City of
13 Philadelphia?

14 DEPUTY MAYOR GREENBERGER:
15 Okay. For the City as a whole it is 10.7
16 percent, with a total inventory in
17 Philadelphia of over 31 million square
18 feet. There's also 200,000 square feet
19 under construction, and the average lease
20 rate is about \$3.76 per square foot.

21 COUNCILMAN JONES: Can you
22 describe briefly the plan to address
23 those vacancies, particularly in the
24 areas of Parkside and Hunting Park and
25 what is our strategy to attract

1 6/3/15 - WHOLE - BILL 150162, etc.
2 businesses back to that.

3 DEPUTY MAYOR GREENBERGER: So
4 I'll just introduce this and then I think
5 John wants to make a statement.

6 We, Planning Commission,
7 Commerce, and PIDC, collaborated on an
8 industrial land survey for the entire
9 City, trying to come to grips with the
10 fact that we have a very substantial
11 amount of industrially zoned land. Some
12 of them are 19th century buildings and
13 some of them are fairly new buildings.
14 And the point of this study was to start
15 identifying areas that we really have to
16 kind of circle our wagons around to keep
17 them industrial and recognize that there
18 are transitional other areas,
19 particularly in some of the very oldest
20 areas where we really ought to be looking
21 at mixed use, industrial, and commercial
22 or mixed use, industrial, and residential
23 development, particularly the small
24 scale.

25 John, if you want to comment.

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2 MR. GRADY: I would just maybe
3 add the fact that in our industrial
4 inventory around the City, we have eight
5 industrial parks, obviously West Parkside
6 being one of them. We have about 300
7 acres of available land in those
8 industrial parks, which is we probably
9 have developed about 3,000 acres. So our
10 inventory is relatively low compared to
11 the progress we've made. And I think, as
12 Alan said, we've tried to take an
13 approach by each industrial park, some of
14 which like in West Parkside, we've seen
15 the positive influence that commercial
16 space like the shopping center has had on
17 the vitality of that area.

18 COUNCILMAN JONES: No doubt.

19 MR. GRADY: It's made it a more
20 attractive place for investment, and I
21 think with the upswing in the economic
22 cycle, we're really looking to try and
23 position those kinds of properties for
24 investment now where they might not have
25 seen much activity over the last downturn

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2 in the cycle, and trying to look at areas
3 where there are opportunities maybe for
4 some manufacturing and industrial, but it
5 also might be in warehouse and
6 distribution. It might be in logistics.
7 It might be in other kinds of
8 non-manufacturing uses, but uses that can
9 take advantage of the large format of the
10 industrial land.

11 COUNCILMAN JONES: To what
12 degree does energy -- and we're trying to
13 become an energy hub. What is the
14 potential for energy conversion in those
15 parcels to make them more efficient and
16 attractive to light manufacturing?

17 MR. GRADY: Well, I think
18 energy has two general effects as it
19 relates to industrial development in the
20 City. One is is that the cheaper energy
21 becomes, the more attractive we become as
22 a location for manufacturers, because the
23 input of energy into their process will
24 be cheaper and it makes their economic
25 process more efficient. So I think the

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2 more that we can do to really promote
3 access and distribution of lower cost
4 energy sources, we will see a positive
5 impact.

6 COUNCILMAN JONES: So to that
7 extent, are you engaging in speculation
8 and probably planning to try to take
9 those underutilized parcels and make them
10 energy efficient and, therefore, more
11 valuable?

12 MR. GRADY: Exactly. And one
13 of the things we've tried to do is work
14 with organizations like Select Greater
15 Philadelphia, who is doing a large
16 marketing effort to larger
17 energy-intensive users, and we want to
18 make sure that our inventory of land is
19 prominently featured as they go around
20 the country and really focus nationally
21 on these energy-intensive users so that
22 they can see that Philadelphia has
23 opportunities for land development that
24 can access energy but also have access to
25 workforce, have access to transportation,

1 6/3/15 - WHOLE - BILL 150162, etc.
2 and have access to the commercial markets
3 that make our sites, we think, prominent
4 and efficient sites for that kind of
5 development.

6 COUNCILMAN JONES: So with the
7 conversion of the old Navy Yard, we've
8 taken something based on the BRAC and
9 been able to make something out of it.
10 It is more attractive. Do you see that
11 happening for the other
12 commercial/industrial parks that we have?

13 MR. GRADY: I think there are
14 some parallels, and I think those
15 parallels really relate to the
16 opportunity to try and position these
17 parcels and position the City generally
18 as an attractive place for investment
19 because of the issues I just talked
20 about - access to workforce, logistics,
21 access to transit systems, the ability to
22 move product to market very quickly.

23 The Navy Yard is unique in some
24 respects in that it was 1,000 acres that
25 was assembled in one place. The federal

1 6/3/15 - WHOLE - BILL 150162, etc.
2 government was significantly helping with
3 the infrastructure investment, but I
4 think some of the lessons we learned
5 about why businesses will choose to
6 locate in certain industrial areas can
7 certainly be applied across the board.
8 And we think of areas in the lower
9 Schuylkill River. We think about -- West
10 Parkside is interesting because of the
11 proximity to anchor institutions. So
12 when those anchor institutions are
13 consuming large amounts of products,
14 being able to locate the manufacturing
15 and distribution and logistics uses close
16 by those customers. Cintas is a good
17 example of a user in West Parkside who
18 sees great benefit from being located
19 near large customers.

20 COUNCILMAN JONES: So on that
21 note, moving towards our waterfronts, at
22 the end of this recession, are they
23 becoming more valuable?

24 MR. GRADY: I think -- I mean,
25 I would say in general from a

1 6/3/15 - WHOLE - BILL 150162, etc.
2 commercial/industrial perspective, I
3 think we certainly have seen -- think of
4 the lower Schuylkill with the resurgence
5 around the energy and refining capacity
6 being redeveloped in that area with
7 institutions like Penn and Children's
8 Hospital making large investments along
9 that stretch of the Schuylkill River.
10 That's all adding to the attractive
11 location. The Delaware Riverfront
12 obviously has a whole series of
13 activities that are occurring that are
14 certainly seeing value.

15 COUNCILMAN JONES: So as we go
16 north of Spring Garden, do we anticipate
17 greater value north of Spring Garden on
18 the Delaware River?

19 DEPUTY MAYOR GREENBERGER: For
20 industrial?

21 COUNCILMAN JONES: For
22 development.

23 DEPUTY MAYOR GREENBERGER:
24 Yeah. I mean, those are very much -- and
25 we're seeing the benefit of that right

1 6/3/15 - WHOLE - BILL 150162, etc.

2 now. We're seeing the benefit of that
3 right now. During the --

4 COUNCILMAN JONES: So are we
5 getting bites for development along that
6 area?

7 DEPUTY MAYOR GREENBERGER:
8 Well, there's, for example -- this isn't
9 exactly north of Spring Garden -- well,
10 no. It is. But if I just start at the
11 bridge, Ben Franklin Bridge, we have a
12 number of townhouses have gone up, big
13 apartment house project under
14 construction. We are -- the Waterfront
15 Corporation has put the entire Spring
16 Garden site, which we call Festival Pier,
17 out for RFP. We've gotten good
18 preliminary responses from serious
19 developers. And then as we go further
20 north out of what will inevitably be a
21 more residential and mixed-use zone,
22 we're into a much heavier industrial
23 area. That's still an active area.

24 One of the things that the PRPA
25 is really looking hard at in the sort of

1 6/3/15 - WHOLE - BILL 150162, etc.
2 more strategic way is what's the growth
3 potential not only for the Packer area
4 down by the Walt Whitman Bridge but also
5 for the Tioga area. They do different
6 things. They have different capacities.
7 There are different limitations largely
8 based on the height under the bridges to
9 get certain kinds of boats under there,
10 and I think the -- I was just meeting
11 with Jerry Sweeney, the Chair of PRPA,
12 the other day and we had a conversation
13 about their interest in a more strategic
14 approach to how to take advantage of what
15 inevitably looks like more shipping to
16 the East Coast.

17 COUNCILMAN JONES: Okay. We
18 look forward to that.

19 Let me switch gears to
20 commercial corridors. One of the
21 questions there was, what was the vacancy
22 rate on our commercial corridors such as
23 Cecil B. Moore Avenue, in my world
24 Lancaster Avenue, Lansdowne Avenue, Ridge
25 Avenue, Market Street, and Main Street?

1 6/3/15 - WHOLE - BILL 150162, etc.

2 DEPUTY MAYOR GREENBERGER: I'll
3 tell you what, let me do this: I'm going
4 to read -- I'll name each avenue. I'll
5 do the ones first that are in the
6 transcript and then I'll pick up the ones
7 that are all in the 4th.

8 Cecil B. Moore is not a good
9 number. This is 21st to 25th Street.
10 It's about 47.5 percent. And, by the
11 way, these are surveys that are done by
12 the Planning Commission and they're in
13 the process of updating all of them as
14 they do the district plans, but the ones
15 in the 4th I think are already relatively
16 updated. But I'll come back to that in a
17 second.

18 Wadsworth, pretty good, 6.2
19 percent, lower than -- by the way, the
20 City average is 18 percent. And if I'm
21 remembering right, Center City, just for
22 comparison -- do you remember what that
23 number was? For retail was it 10, 11?
24 We'll look that up. I saw that number
25 earlier.

1 6/3/15 - WHOLE - BILL 150162, etc.

2 Anyway, Frankford Avenue, we
3 have in three separate sections, 4200 to
4 4400, 36.2 percent; 4400 to 4930, a
5 little less, 29.1 percent; and 4930 to
6 5300, 12.5 percent. So clearly --

7 COUNCILMAN JONES: So put this
8 in context. Anything above 5 percent on
9 a commercial corridor, 10 percent max --

10 DEPUTY MAYOR GREENBERGER: I'd
11 say anything above 10 is a reason for the
12 beginning of a concern. I mean, you're
13 always going to have, even in the most
14 robust retail areas, you're always going
15 to have some stores that are vacant as a
16 result of just pure changeover, not
17 necessarily a bad thing.

18 COUNCILMAN JONES: So is there
19 a plan to address?

20 DEPUTY MAYOR GREENBERGER:
21 Yeah. But I'll tell you what, before I
22 answer, can I do the ones in your
23 district first?

24 COUNCILMAN JONES: Go ahead.

25 DEPUTY MAYOR GREENBERGER: By

1 6/3/15 - WHOLE - BILL 150162, etc.
2 the way, the Center City average is 12.9
3 percent. And I think we would all say
4 that Center City is a pretty healthy
5 retail environment. So it sort of gives
6 you a good benchmarking place.

7 There's a whole list of them
8 here, which I think we sent to you either
9 yesterday or this morning. So I don't
10 know if you want me to read the whole
11 list, but I will highlight the ones that
12 you mentioned.

13 COUNCILMAN JONES: No. Let's
14 go to ones in France. I'm sorry.

15 DEPUTY MAYOR GREENBERGER: No,
16 no, no. These are all in France here.

17 A little inside joke, for the
18 record.

19 Haverford Avenue, 7400 to 7600,
20 5.3 percent.

21 COUNCILMAN JONES: Not bad.

22 DEPUTY MAYOR GREENBERGER:
23 Lancaster Avenue, 53rd to 60th Street,
24 11.9 percent. And, by the way, that's a
25 significant drop from where it was in

1 6/3/15 - WHOLE - BILL 150162, etc.

2 '03.

3 COUNCILMAN JONES: You have a
4 good team working up there.

5 DEPUTY MAYOR GREENBERGER: I
6 hope that's what it is. I mean, that's a
7 big drop.

8 You didn't ask about this one,
9 but to give you a sense of where the
10 other side looks like, 40th and Girard,
11 relatively --

12 COUNCILMAN JONES: That's not
13 my district, but go ahead.

14 DEPUTY MAYOR GREENBERGER:
15 Okay. Fair enough. 47.6 percent.
16 That's like CB Moore.

17 Main Street in Manayunk, 13.7
18 percent. Ridge is again broken up into a
19 lot of different sections. Let me just
20 go through it. Let me make sure I'm
21 covering them all too. So Ridge in
22 Roxborough, 14.3 percent. Ridge -- this
23 is a small one. Ridge and Domino,
24 Fountain to Domino, 6.8 percent. Ridge
25 and Shawmont from Flamingo to Seffert, 10

1 6/3/15 - WHOLE - BILL 150162, etc.
2 percent. Andorra, 7 percent. Ridge and
3 Bells Mill, 10 percent. East Falls,
4 Scotts Lane to Merrick and Kelly to
5 Warden, so 35 percent.

6 COUNCILMAN JONES: That's
7 pretty high.

8 DEPUTY MAYOR GREENBERGER:
9 That's fairly high. And we know that
10 East Falls has always been struggling
11 with filling up all the spaces that are
12 available to it.

13 COUNCILMAN JONES: There are a
14 couple of big projects coming on board, I
15 understand, that may address that.

16 DEPUTY MAYOR GREENBERGER:
17 Well, I think I know what Councilman is
18 asking about. We talked about it
19 earlier? Yeah. Yesterday at the PIDC
20 Executive Committee, there was an
21 approval of a line of credit to a small
22 technology business named Stratus EMS,
23 who has garnered some pretty significant
24 technology contracts, and that was a
25 \$300,000 working capital loan to cover a

1 6/3/15 - WHOLE - BILL 150162, etc.
2 very big contract they just have, and
3 they are occupying the old Masonic -- a
4 part of the old Masonic Hall at Ridge and
5 Midvale.

6 COUNCILMAN JONES: Okay.

7 DEPUTY MAYOR GREENBERGER: I
8 think we gave you this list
9 electronically, but there's all the other
10 little sub-pieces of commercial corridors
11 in the 4th and actually in every
12 district.

13 COUNCILMAN JONES: So one other
14 that I'm very concerned about in a
15 distressed manner is Market Street from
16 63rd to 52nd.

17 DEPUTY MAYOR GREENBERGER:
18 Yeah. So these haven't been updated, so
19 the information is a bit old and it is --
20 but it is broken into three pieces, and
21 I'll just read out for you the three
22 pieces. 52nd Street, Arch to Pine, 22
23 percent. 56th and Market area, 39
24 percent. There was a 60th and Market.
25 Bear with me. Let me just find it. It

1 6/3/15 - WHOLE - BILL 150162, etc.
2 was a very high number. 60th Street from
3 Arch to Spruce, so 36 percent. And then
4 if you get further south, it's even a
5 higher number.

6 So those are areas that do need
7 attention. They're hard areas. Partly
8 they were impacted obviously by the SEPTA
9 renovations. I think that put a real
10 damper on it and how to bring them back
11 and under -- and through what kind of
12 businesses is going to take a real
13 coordinated strategic effort. I know
14 that a couple years ago Rick Reading from
15 the Planning staff spent time with your
16 staff to try to start to understand how
17 we do this, but it's a hard sell in a
18 tough market area.

19 COUNCILMAN JONES: So to all of
20 our effort, we have finally -- and
21 government is incredibly slow. It's
22 easier to watch the hands of time move
23 sometimes than watch the government
24 wheels of progress go forward, but if
25 you're patient and if you're persistent,

1 6/3/15 - WHOLE - BILL 150162, etc.
2 we have made a strong move to acquire the
3 entire square block of 59th and Market
4 Street and we're treating that as a
5 ground zero for development and hope to
6 launch a development there shortly.

7 If you look at that particular
8 parcel from that point to the end of the
9 City limits, there's about 40 percent
10 vacancy rate in that area. Some might
11 look at that as a disaster. Others that
12 have a development frame of mind look at
13 it as a blank canvas.

14 DEPUTY MAYOR GREENBERGER: It
15 could be an opportunity, absolutely.

16 COUNCILMAN JONES: So what we
17 want from your department is to come up
18 with a concerted effort to figure that
19 out. One of the studies showed that
20 there was somewhere in the neighborhood
21 of 22,000 average income that goes
22 through there. One million people take
23 the bus and El through that area monthly,
24 and that represents a potential customer
25 base. But what we found was the economic

1 6/3/15 - WHOLE - BILL 150162, etc.
2 bleeding went to 69th Street and Center
3 City as opposed to being captured in that
4 area. So what we want to do is work with
5 a concept called transit-oriented
6 development, and you're very familiar
7 with that, and what we want is people to
8 move fewer miles for basic goods. So, in
9 effect, reinventing those commercial
10 corridors to attract local customers and
11 also those using transportation to do
12 that.

13 So what we want to do is
14 continue on, and even though the progress
15 has been slow, we've been working with
16 Achievability in that area, and they're
17 doing a parallel. They're fixing 90
18 rental units, repairing them completely
19 in that area. We're also looking at the
20 possibility of the one or two vacancies
21 on the unit blocks being restored.

22 Councilman Clarke did a study
23 where there were 300 potential
24 tax-delinquent properties that we could
25 acquire, fix, and put in the hands of

1 6/3/15 - WHOLE - BILL 150162, etc.
2 qualified and responsible landlords to
3 rent out, thus increasing the customer
4 base. Point being and the reason for all
5 of these questions is to get us to think
6 just as hard about small corridors like
7 that. As we do, Center City -- and
8 rightfully so -- the engine for
9 employment is driven by Center City, but
10 it doesn't stop there, and that's what we
11 kind of in these questions force you and
12 others to kind of ponder and then work
13 with us on.

14 DEPUTY MAYOR GREENBERGER: One
15 of the things I would -- two thoughts
16 that cross my mind about the western part
17 of Market Street. There's going to be a
18 very big infusion -- there already is a
19 beginning of an infusion of more
20 commercial office space heading in that
21 direction. You got these Scott Mazo
22 projects 41st and Powelton. He's
23 contemplating another. Police
24 Headquarters at 46th, all the work that
25 Entrepreneur Center is doing, and I think

1 6/3/15 - WHOLE - BILL 150162, etc.
2 one of the things I would really like to
3 spend time with you and your staff
4 thinking through is how do we take
5 advantage of that infusion of people
6 relatively close to the extended area of
7 Market Street and what kinds of things
8 might we focus on to take advantage of
9 their presence.

10 COUNCILMAN JONES: Well,
11 low-hanging fruit is restaurants,
12 eateries, things that we can attract, but
13 there's some others, dry cleaners and
14 places for even day care. At the 59th
15 Street spot, we hope to develop a
16 mixed-income, mixed-use facility there
17 that has a day care right down at the
18 bottom where a nurse or single parent or
19 young couple with a child can, leaving
20 their unit, go down to the first floor,
21 drop their kid off, for \$2.25 get to work
22 within 12 minutes, come back at the end
23 of that work period and be able to pick
24 their child up in a clean and responsible
25 manner.

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2 If you look at what was done in
3 the university areas where they
4 incentivized homeownership for their
5 upper tier management, first month --
6 well, first down payment and then closing
7 costs for the purchase of the house. If
8 we looked at that for the next tier of
9 employers -- or employees, the
10 phlebotomists, the nurse's assistant,
11 that we would pay first month, last month
12 to get them an affordable housing unit
13 where they can get to work in ten minutes
14 responsibly, reliably, their employers
15 might want to underwrite some of that.

16 DEPUTY MAYOR GREENBERGER:
17 Right. And Urban Affairs Coalition is a
18 very good program that we're working on
19 trying to figure out another round of
20 funding that provides some incentive
21 money through employers for homeownership
22 to do that very thing.

23 COUNCILMAN JONES: Those are
24 the kinds of deep thinking that we want
25 you to do out there, and we've worked

1 6/3/15 - WHOLE - BILL 150162, etc.
2 with you in the past and it's been
3 successful on some of our corridors as
4 you can see by way of the number of now
5 vacancies being reduced, but, again, we
6 constantly have to sharpen our vision for
7 potential areas, the next best thing, and
8 that's big thing.

9 So on that -- and I'm going to
10 get you out of here if we could --

11 DEPUTY MAYOR GREENBERGER: Keep
12 going.

13 COUNCILMAN JONES: I'd like to
14 know now how many loans, small business
15 and larger loans, have we done in areas
16 like West Philadelphia?

17 DEPUTY MAYOR GREENBERGER: So
18 we've re-collated the list that we had
19 previously sent so you can see it more
20 cleanly by Council district. I believe
21 that in FY14, if I counted this right,
22 there were 15 loans -- these are small
23 business loans -- made in the 4th
24 District through a number of entities
25 that we work with that do business loans.

1 6/3/15 - WHOLE - BILL 150162, etc.
2 PIDC obviously is one of them, but also
3 Finanta, Kiva Zip, and WORC. Some of
4 them are small business loans but
5 sizable, in the several hundred thousand
6 dollars, and some of them, particularly
7 the ones through groups like Finanta and
8 Kiva Zip, are sort of in the micro loans
9 category, a couple thousand dollars at a
10 time. And they run -- I mean, just to
11 give an example, they run the gamut from
12 waste removal businesses, hair salons,
13 direct sales, radio production, real
14 estate printing, electrical contractor,
15 pet store, child care, custom uniforms.

16 COUNCILMAN JONES: So over the
17 last -- let me put it a different way.
18 So over the last four years, how many
19 small business loans have been written in
20 the 31, 28, 27, 51 zip codes, roughly,
21 West Philly?

22 DEPUTY MAYOR GREENBERGER:
23 Unfortunately, I'm going to have to get
24 back to you with a number. I have last
25 year's complete list of everything, but I

1 6/3/15 - WHOLE - BILL 150162, etc.
2 don't have the multiple years. But I can
3 tell you from my experience even just
4 with PIDC, I think it's probably
5 consistent with this. So it's probably
6 in that 10, 15 a year within the 4th that
7 are happening through these three
8 entities.

9 The one thing that might help
10 pick up the speed because we're seeing
11 some good success with it is this Kiva
12 Zip program, one of which is in the 4th
13 at -- are you sure this is in the 4th?
14 311 South 48th. No. That's mislabeled.
15 Sorry. I thought so, because that's my
16 old neighborhood. That's not right. But
17 a restaurateur who picked up sort of a
18 beat-up old supermarket has done really
19 well with it. This Kiva Zip program is a
20 terrific way of doing micro lending, and
21 one of the things that we ought to talk
22 about is, we have a person on our staff
23 who does nothing but promote the Kiva Zip
24 program, and I want to make sure that all
25 the people in your staff and the people

1 6/3/15 - WHOLE - BILL 150162, etc.
2 in your various commercial corridors know
3 about this program. It's a terrific
4 access point to very small amounts of
5 money, zero interest, very successful.

6 COUNCILMAN JONES: We'd love to
7 help you market that in the commercial
8 corridors that we travel in. And keep in
9 mind, I'm selfishly talking about the
10 4th, but what's good for the 5th is good
11 for the 4th. What's good for the 8th,
12 it's right next door. So we --

13 DEPUTY MAYOR GREENBERGER: I
14 get it. You're a District Councilman.
15 You're allowed to be concerned about who
16 you represent.

17 COUNCILMAN JONES: All politics
18 is local.

19 MR. GRADY: I would just add a
20 comment to that, which is I think Alan
21 talked about the different lenders who
22 are active in that area. So PIDC through
23 our different working capital, lines of
24 credit, fixed asset lending, Finanta, the
25 Kiva Zip program, the Goldman Sachs

1 6/3/15 - WHOLE - BILL 150162, etc.
2 Education Program, I think that -- it
3 feels to me like we're starting to build
4 a little more momentum, where as a group
5 we need to be in front of these
6 commercial corridor organizations on a
7 regular basis.

8 COUNCILMAN JONES: So let me
9 ask you a question. Denise's Bakery on
10 North 22nd Street, which is slightly
11 outside of my district, but the smell of
12 her baked goods permeates into the 4th.
13 They had a fire. Does anybody know the
14 status of that bakery?

15 MS. FEGELY: Yeah. I know we
16 met with them, and she fortunately has
17 very good insurance and so she plans to
18 rebuild and reopen. And she was very
19 well covered, and I heard even that her
20 employees are even being paid during the
21 shutdown. That's how good her insurance
22 was. So we're going to have her do a
23 little workshop to other businesses about
24 making sure they have proper business
25 insurance.

1 6/3/15 - WHOLE - BILL 150162, etc.

2 COUNCILMAN JONES: So one other
3 thing with that -- and I'm glad to hear
4 it. They can't open up fast enough for
5 me. I'm losing weight. But what I'd
6 love to see is a second location effort.
7 The example of Denise's Bakery is a good
8 one. She could do -- although the baked
9 goods are done at her location on North
10 22nd Street, but she could very easily be
11 out at 60th Street. There's a commercial
12 vacant site under SEPTA that could be a
13 drop shop for her easily converted or
14 anyone like her that we need to kind of
15 promote success --

16 MR. FEGELY: Absolutely.

17 COUNCILMAN JONES: -- and its
18 replication.

19 MS. FEGELY: Absolutely.
20 That's a great strategy, is to recognize
21 these local businesses that are doing
22 well and are poised for growth and get
23 them to open second and even third and
24 fourth locations. I think Philadelphia
25 has some good examples of little -- I've

1 6/3/15 - WHOLE - BILL 150162, etc.
2 heard them call chainlets, little local
3 chains that are doing great. And it's --
4 yeah, let's keep that success going.

5 I think Denise has been
6 approached with those ideas before, but
7 we'll pitch her again and try to get her
8 to --

9 COUNCILMAN JONES: I understand
10 the reservation of it. You don't want to
11 tamper with success, but sometimes if you
12 can develop the capital, develop the
13 strategy, have enough supportive staff to
14 implement it, you take that leap of faith
15 and we all as a city benefit from that
16 kind of expansion.

17 MR. GRADY: I think providing
18 those kinds of business owners with the
19 technical support that they need, so the
20 finance and the accounting and the
21 business development resources and the
22 opportunity even to get the owners of
23 those businesses to work with each other
24 and that kind of peer support so that
25 they can share stories and they can build

1 6/3/15 - WHOLE - BILL 150162, etc.
2 confidence, because it is all about
3 trying to find those kind of pillars of
4 growth where you can push out from that
5 and be more successful.

6 COUNCILMAN JONES: So I'm going
7 to remember this in our next budget
8 cycle, so what is your second location
9 strategy for successful businesses. So
10 you don't have to call it the 4th
11 District Initiative, but you know where
12 it came from. Chainlets. I'm going to
13 ask you about that.

14 DEPUTY MAYOR GREENBERGER: And
15 you talked earlier about patience.
16 Business owners make decisions about
17 growth and expansion when their stars are
18 in alignment, not when our stars are in
19 alignment necessarily, but you've got to
20 keep ideas in front of people constantly
21 just so that it's in their heads, and
22 then when the stars are in alignment,
23 then they -- then it pays off.

24 COUNCILMAN JONES: You can
25 always count on me to remind you what you

1 6/3/15 - WHOLE - BILL 150162, etc.
2 said last year.

3 As we segue, I see Councilwoman
4 Blondell Reynolds Brown has joined us.
5 This is one of her favorite subjects. Of
6 those loans, how many of them have been
7 women, minority? Can you recap that for
8 her benefit?

9 DEPUTY MAYOR GREENBERGER: In
10 2014, 15 women-owned businesses received
11 loans through PIDC, 15. And the one that
12 I had mentioned, Councilwoman -- I don't
13 know whether you had heard this on the
14 speaker or not, but that PIDC alone was
15 approved yesterday, a pretty substantial
16 bit of working capital for a small
17 computer technology business that is
18 women owned.

19 MR. GRADY: Correct.

20 DEPUTY MAYOR GREENBERGER: Is a
21 woman-owned business at the corner of
22 Ridge and Midvale. They secured an
23 enormous contract to help some pretty
24 significant clients with technology
25 issues, and this is a loan to allow them

1 6/3/15 - WHOLE - BILL 150162, etc.

2 to sort of grow up to it.

3 COUNCILMAN JONES: The Chair
4 recognizes Councilwoman Reynolds Brown.

5 COUNCILWOMAN BROWN: Thank you.

6 So that would be 15 out of a
7 total of what? Because we need to know
8 the big number to see what that means.

9 MR. GRADY: In terms of PIDC's
10 lending activity?

11 COUNCILWOMAN BROWN: Yes. Just
12 total number of loans.

13 MR. GRADY: So last year we
14 made 57 small business loans. Of the 57
15 small business loans, 23 were to
16 minority-owned businesses, 13 were to
17 women-owned businesses. But those are
18 the numbers I have.

19 COUNCILWOMAN BROWN: Okay.
20 Very helpful to know.

21 COUNCILMAN JONES:
22 Councilwoman, do you have any other
23 questions?

24 COUNCILWOMAN BROWN: Yeah, I
25 do. I want to seize the moment, if I

1 6/3/15 - WHOLE - BILL 150162, etc.

2 may.

3 So given the work that you're
4 doing down at the Navy Shipyard, update
5 us briefly and speak to whether or not
6 any of these loans are for business
7 owners who want to have a presence at the
8 Navy Shipyard.

9 MR. GRADY: I would say in
10 general the Navy Yard continues to build
11 momentum as a terrific location for
12 business growth. We have about 150
13 companies there now, over 11,500
14 employees. Those companies are spread
15 across the whole range.

16 COUNCILWOMAN BROWN:
17 Everything.

18 MR. GRADY: From manufacturing
19 and industrial uses to office to
20 research. We have small companies that
21 are growing. We have big companies that
22 are growing. We're building a lot of
23 partnerships. We announced a partnership
24 yesterday with Penn State and a large
25 energy company called Alstom, who is

1 6/3/15 - WHOLE - BILL 150162, etc.
2 going to bring their North American
3 Energy Smart Grid Research Center to the
4 Navy Yard. So the growth is occurring at
5 all scales.

6 In terms of our loan activity
7 last year, I don't know off the top of my
8 head if any of these were loans
9 specifically to businesses at the Navy
10 Yard, but it would be typical. I mean,
11 our business lending is comprised of a
12 couple of different products. One is a
13 line of credit to support contract
14 receivables. Those are heavily oriented
15 towards small, minority, and women-owned
16 firms who need that kind of capital to
17 help with their growth.

18 We have a second loan product
19 that is for working capital and
20 equipment, and that's really kind of a
21 bread and butter, a client needs a
22 \$200,000 loan or a \$50,000 loan to buy a
23 piece of equipment or maybe to make an
24 improvement to their property.

25 And then we have capital

1 6/3/15 - WHOLE - BILL 150162, etc.
2 projects loans for people who really need
3 to do a larger project, maybe to expand
4 their facility or to significantly
5 improve the facility that they work in.
6 And all of those loan products are
7 available in all of the commercial
8 corridors around the City, and the way we
9 organize our business development
10 activity is, we organize our work into
11 sectors. So we have a couple of folks,
12 people who focus on small businesses. We
13 have somebody who focuses with
14 manufacturing and industrial clients. We
15 have somebody who focuses on community
16 investment and neighborhood development.
17 And so each of those people are active
18 citywide really trying to target
19 opportunities where those resources can
20 be paired up with businesses that need
21 that kind of capital for growth.

22 COUNCILWOMAN BROWN: Any
23 linkage with Della Clark and the work
24 that she's doing over there at 46th?

25 DEPUTY MAYOR GREENBERGER:

1 6/3/15 - WHOLE - BILL 150162, etc.

2 Sure. Yeah.

3 COUNCILWOMAN BROWN: Near 4601
4 Market, 45, 43 Market Street?

5 MR. GRADY: I think we're all
6 probably doing different things with the
7 Enterprise Center and the work there. We
8 helped arrange a series of grant and
9 financing resources for the Food Center
10 there, the Food Entrepreneurship program
11 there, the Test Kitchen. One of the nice
12 things we've seen is some partnership
13 between two of our clients. One is the
14 Enterprise Center and the other is
15 Spectrum Health Services where we helped
16 develop a new community health center in
17 West Philadelphia.

18 COUNCILWOMAN BROWN: At 52nd
19 and Haverford.

20 MR. GRADY: At 52nd Street,
21 yeah.

22 COUNCILWOMAN BROWN: I think
23 that's Councilman Jones' district.

24 MR. GRADY: I think it is.
25 Just popped into my head. But they're

1 6/3/15 - WHOLE - BILL 150162, etc.
2 now doing work together where Spectrum
3 Health is doing nutrition work with the
4 Food Incubation Center at the Enterprise
5 Center so that they can get more food
6 businesses out into the community that
7 are producing healthier foods and doing
8 more for nutrition in the community.

9 COUNCILWOMAN BROWN: Lastly,
10 included in the PIDC plan, is there at
11 some milestone a residential community
12 that will happen down at the Navy
13 Shipyard? Is that not a part of the
14 plan? Help me remember.

15 MR. GRADY: The master plan
16 that we released with the City in 2013
17 contemplates a multi-family component of
18 residential apartments at the Navy Yard.
19 There's currently a deed restriction from
20 the Navy that prohibits that use. So we
21 are working through a process with the
22 Navy and eventually with Congress to pass
23 legislation that would allow that
24 restriction to be removed in part.

25 We don't see a significant

1 6/3/15 - WHOLE - BILL 150162, etc.
2 amount of residential at the Navy Yard,
3 but we do think a multi-family component
4 that helps attract and support amenities
5 will make for a better work environment
6 there.

7 COUNCILWOMAN BROWN: Okay. All
8 right, then. Thank you.

9 Thank you, Mr. Chairman.

10 COUNCILMAN JONES: Thank you,
11 Councilwoman.

12 I just want to end on thanking
13 you for working with us, the Commerce
14 Department, RDA, on strips like Haverford
15 Avenue, on strips like 54th from
16 Montgomery to Arlington. And the reason
17 I mention that is, yes, it is slow, but
18 two weeks ago we were awarded the Wynne
19 Ballroom project, which complements what
20 we've done at Presby Life on the other
21 end of the commercial corridor. That
22 could have only happened with about a
23 million dollars of combined effort,
24 trees, bus shelters, and the like and
25 storefront rebates for the businesses in

1 6/3/15 - WHOLE - BILL 150162, etc.
2 between. Your staff and Nazaarah Sabree
3 in particular pounded the pavement with
4 WORC to make that happen. So at the end
5 of the day over your tenure, you're going
6 to be able to see a commercial corridor
7 that is remade. I mean, literally remade
8 and go back to a vibrant state.

9 So I'm really thankful to your
10 effort. I wanted to say that in a public
11 manner. Sometimes we seem to be a little
12 contentious. It's not contentious. It's
13 we're anxious. We're anxious on behalf
14 of constituents that knock on our door
15 every day. Duane over there for decades,
16 now it's decades, has been a good servant
17 and along with Curtis Gregory. And so we
18 appreciate your team that has helped the
19 4th Councilmanic District. You cited
20 some of those vacancy ratios that had
21 substantially shrunk. We just are
22 enthusiastic about keeping that going.
23 So for the record, thank you very much.

24 If there are no other
25 questions, that concludes --

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1 6/3/15 - WHOLE - BILL 150162, etc.

2 DEPUTY MAYOR GREENBERGER:

3 Thank you, Councilman.

4 COUNCILMAN JONES: -- our
5 Committee, and this Committee will stand
6 at recess until Wednesday, June 10th,
7 2015 at 1:00 p.m., at which time we will
8 reconvene in Room 400, City Hall.

9 Thank you very much.

10 (Thank you.)

11 (Committee of the Whole
12 adjourned at 11:50 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter, and that this is a true and
correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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City of Philadelphia

Recessed Public Meeting Notice

May 28, 2015

The **Committee of the Whole** of the Council of the City of Philadelphia concluded the Public Hearing and held a Public Meeting on **Thursday, May 28, 2015**, and recessed the Public Meeting until **Wednesday, June 3, 2015 at 10:00 AM**, in **Room 400, City Hall**, to consider the action to be taken on the following:

- 150375** An Ordinance authorizing the Commissioner of Public Property, the Director of Commerce, and other officials of the City to execute or approve various agreements and other matters by and among the City, the Philadelphia Redevelopment Authority, the Philadelphia Authority for Industrial Development, and others relating to the redevelopment, operation, and maintenance of properties located on the north side of Market Street between 8th and 11th Streets in the City and commonly known as the Gallery Mall; all under certain terms and conditions.
- 150376** An Ordinance authorizing the revision of lines and grades on a portion of City Plan No. 307 by striking from the City Plan and vacating certain sub-surface portions of Market Street east of Ninth Street, Tenth Street between Market Street and Filbert Street, and Eleventh Street between Market Street and Filbert Street, and by striking from said City Plan and vacating certain aerial portions of Ninth Street between Market Street and Filbert Street and Tenth Street between Market Street and Filbert Street; and authorizing the conveyance of such struck and vacated areas, together with certain areas previously struck and vacated; all under certain terms and conditions.
- 150377** An Ordinance authorizing the construction, ownership, and maintenance of various encroachments into the right-of-way of Market Street, Filbert Street, 11th Street, 10th Street, 9th Street and 8th Street, and authorizing the assignment of certain rights with respect to an overhead pedestrian bridge above Filbert Street west of the house line of Ninth Street to be assigned, all under certain terms and conditions.
- 150378** An Ordinance approving the ninth amendment of the redevelopment proposal for the Market Street East Urban Renewal Area, including the second amendment to the urban renewal plan, which provides, inter alia, for the rehabilitation of the Gallery at Market East as a first class mixed use retail center.
- 150379** An Ordinance amending Section 14-502 of The Philadelphia Code, entitled "/CTR, Center City Overlay," by adding a new subsection entitled "Market Street East Retail Area," relating to accessory signs; amending Section 14-906, entitled "Market Street East Sign Regulations," relating to accessory and non-accessory signs; and making related changes, all under certain terms and conditions.
- 150380** An Ordinance creating the Gallery at Market East Tax Increment Financing District, being the area generally bounded by Filbert Street on the north, 8th Street on the east, 11th Street on the west, and Market Street on the south, including

City of Philadelphia

Recessed Public Meeting Notice

Committee of the Whole

Wednesday, June 3, 2015 at 10:00 AM

certain improvements located therein, and approving the project plan of the Philadelphia Authority for Industrial Development for the redevelopment of the Gallery at Market East Tax Increment Financing District and making certain findings and declarations, all in accordance with the Tax Increment Financing Act, being the Act of July 11, 1990, P.L. 465, No. 113, as amended, and authorizing the Director of Finance and other offices of the City to execute documents and do all things necessary to carry out the intent of this Ordinance.

- 150307 Resolution reappointing Peter C. Rothberg, to the Board of Directors for the Old City Special Services District.
- 150308 Resolution reappointing Sheryl Bar, to the Board of Directors for the Old City Special Services District.
- 150309 Resolution reappointing Harvey Spear, to the Board of Directors for the Old City Special Services District.
- 150310 Resolution appointing Leo Addimando, to the Board of Directors for the Old City Special Services District.
- 150311 Resolution reappointing Chris Terlizzi, to the Board of Directors of the Center City District.
- 150312 Resolution reappointing Ernest Jones, to the Board of Directors of the Center City District.
- 150313 Resolution reappointing Harold Epps, to the Board of Directors of the Center City District.
- 150314 Resolution reappointing Larry Howard, to the Board of Directors of the Center City District.
- 150315 Resolution appointing Peter Soens, to the Board of Directors of the Center City District.
- 150316 Resolution appointing Julie Coker, to the Board of Directors of the Center City District.
- 150390 Resolution approving (i) that certain Amended and Restated Lease and Redevelopment Agreement between the Philadelphia Redevelopment Authority and PR Gallery I Limited Partnership for 833 Market street, 901 Market street and 905 Market street; (ii) that certain Amended and Restated Lease and Redevelopment Agreement between the Philadelphia Redevelopment Authority and Keystone Philadelphia Properties, LP for 1001-1019 Market street; (iii) that certain Amended and Restated Lease and Redevelopment Agreement between the

City of Philadelphia

Recessed Public Meeting Notice

Committee of the Whole

Wednesday, June 3, 2015 at 10:00 AM

Philadelphia Redevelopment Authority and Keystone Philadelphia Properties, LP for 1025 Market street, for the redevelopment and urban renewal of a portion of the Market Street East Urban Renewal Area, including certain air rights and other property included in the aforementioned Amended and Restated Lease and Redevelopment Agreements; authorizing the Philadelphia Redevelopment Authority to execute the aforementioned Amended and Restated Lease and Redevelopment Agreements with PR Gallery I Limited Partnership and Keystone Philadelphia Properties, LP, as applicable, and to take such action as may be necessary to effectuate the aforementioned Amended and Restated Lease and Redevelopment Agreements.

Copies of the foregoing items are available in the Office of the Chief Clerk of the Council, Room 402, City Hall.

Michael A. Decker
Chief Clerk

City of Philadelphia

Public Hearing Notice

May 27, 2015

The **Committee of the Whole** of the Council of the City of Philadelphia will hold a Public Hearing on **Wednesday, June 3, 2015, at 10:00 AM, in Room 400, City Hall**, to hear testimony on the following items:

- 150162** An Ordinance to adopt a Capital Program for the six Fiscal Years 2016-2021 inclusive.
- 150163** An Ordinance to adopt a Fiscal 2016 Capital Budget.
- 150164** An Ordinance adopting the Operating Budget for Fiscal Year 2016.
- 150165** An Ordinance amending Section 19-1801 of The Philadelphia Code, entitled "Authorization of Tax," to further authorize the Board of Education of the School District of Philadelphia to impose a tax on real estate within the City of Philadelphia, to provide for an increase in the tax, and making technical changes, all under certain terms and conditions.
- 150166** An Ordinance amending Section 19-1806 of The Philadelphia Code, entitled "Authorization of Realty Use and Occupancy Tax," to further authorize the Board of Education of the School District of Philadelphia to impose a tax on the use or occupancy of real estate within the School District of Philadelphia, under certain terms and conditions.
- 150167** An Ordinance amending Chapter 19-1500 of The Philadelphia Code, entitled "Wage and Net Profits Tax," by revising certain tax rates, under certain terms and conditions.
- 150438** An Ordinance amending Section 19-1806 of The Philadelphia Code, entitled "Authorization of Realty Use and Occupancy Tax," to further authorize the Board of Education of the School District of Philadelphia to impose a tax on the use or occupancy of real estate within the School District of Philadelphia and to set the rate for such tax, and making technical changes; all under certain terms and conditions.
- 150471** An Ordinance authorizing the transfer in appropriations for Fiscal Year 2016 within the General Fund, from the Department of Human Services - Prisons to the Office of Housing and Community Development, to support landscaping and lot-cleaning jobs in the Philadelphia Re-Entry Employment Program for Returning Citizens, under certain terms and conditions.

City of Philadelphia

Public Hearing Notice

Committee of the Whole

Wednesday, June 3, 2015 at 10:00 AM

150179

Resolution providing for the approval by the Council of the City of Philadelphia of a Revised Five Year Financial Plan for the City of Philadelphia covering Fiscal Years 2016 through 2020, and incorporating proposed changes with respect to Fiscal Year 2015, which is to be submitted by the Mayor to the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") pursuant to the Intergovernmental Cooperation Agreement, authorized by an ordinance of this Council approved by the Mayor on January 3, 1992 (Bill No. 1563-A), by and between the City and the Authority.

Immediately following the public hearing, a meeting of the Committee of the Whole, open to the public, will be held to consider the action to be taken on the above listed items.

Copies of the foregoing items are available in the Office of the Chief Clerk of the Council, Room 402, City Hall.

Michael Decker
Chief Clerk

Exhibit A
Gallery at Market East
Tax Increment Financing District

Project Plan

Introduction April 23, 2015

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Addendum: Statutory Requirements

- Letter from the City of Philadelphia Director of Finance
- Economic Opportunity Plan

Executive Summary

Gallery at Market East Tax Increment Financing District

The Philadelphia Authority for Industrial Development (PAID) hereby submits this Project Plan to create the Gallery at Market East Tax Increment Financing District ("District") in accordance with the Commonwealth of Pennsylvania Tax Increment Financing Act as amended (P.L. 465, approved July 11, 1990 and amended December 16, 1992, 53 P.S. 6930.1 et seq.). The objective of the District is to eliminate a blighting influence and restore economic vitality to a prominent commercial corridor by providing for renovations within the District.

The District shall consist of approximately 12.0 acres, including five parcels bounded by and including Filbert Street on the north, 8th Street on the east, Market Street on the south, and 11th Street on the west, commonly known collectively as "The Gallery at Market East," or the "Gallery". The TIF District does not include 801 Market Street from the 3rd floor and above or air-rights parcels located above the Gallery I and Gallery II. The District currently encompasses more than 1.2 million square feet of improvements, comprised of approximately 1.1 million square feet of leasable retail and office space plus common areas located on the concourse, street and bridge levels.

Pennsylvania Real Estate Investment Trust ("PREIT") in partnership with The Macerich Company (together and through their affiliates, "Developer") propose to renovate and upgrade all major building systems, common area finishes, exterior signage, façade improvements, tenanted areas, and surrounding public areas throughout the District ("Project"). Work is expected to commence in July 2015 with substantial completion of phase one by January 2017, and completion of all work and project stabilization by January 2019. The TIF creation date is December 31, 2015 and base amounts for incremental tax revenues approved herein are established as set forth in Part IV(b).

Total Project Costs are estimated at \$325.0 million, of which up to \$55.0 million will be secured by incremental tax revenues authorized herein. Incremental increases in Real Estate, the 1% portion of City Sales, and Business Income and Receipts taxes for up to a 20-year term shall be pledged for repayment of the TIF bonds or notes ("TIF Notes"). All base and other incremental tax revenue will inure to the benefit of the City and School District in accordance with their respective millage rates.

The Project is expected to create 2,165 construction jobs and to retain and create approximately 3,950 full-time equivalent permanent jobs. Taxable market value of the District after improvements is estimated to be \$345.0 million, yielding an incremental increase in property value of \$232.5 million over the current taxable valuation of \$112.5 million. Total tax revenue from the Project is estimated at \$16.0 million in the first full year of operations and \$378.0 million over twenty years based on analysis of property, use and occupancy, wage, city sales, liquor, and business privilege taxes. Projections show that approximately \$126.0 million will accrue to the School District, \$72.3 million will accrue to the City, \$52.1 million will accrue to the City Pension Fund, and \$127.5 million in tax increments will be used to pay debt service on the TIF Notes as authorized herein.

Part I, Proposed Improvements

The District shall consist of approximately 12.0 acres, bounded by and including Filbert Street on the north, 8th Street on the east, Market Street on the south, and 11th Street on the west. The TIF District includes buildings individually known as 801-831 Market Street unit 1EH (including concourse, street and 2nd levels of the former "Strawbridge and Clothier's"), 833 and 901-905 Market Street ("Gallery I"), 907-937 Market Street ("Gimbels" or "Kmart"), 1001-1019 Market Street ("Gallery II"), and 1025 Market Street ("Burlington Coat" or "JC Penney's") and collectively known as "The Gallery at Market East," or the "Gallery". The TIF District does not include (i) Condominium Unit 1 A-C (Parcel ID# 883013505), Condominium Unit 1 D (Parcel ID# 883013516), Condominium Unit 2 (Parcel ID# 883013300) and Condominium Unit 3 (Parcel ID# 883013400) at 801 Market Street Condominium and (ii) the following air rights: (a) air rights above 833 Market Street and 901-905 Market Street beginning at an approximate elevation of 84.0' city datum and extending upwards, and (b) air rights above 1001-1019 Market Street and 1025 Market Street beginning at the underside of the existing structural roof slabs of the existing Gallery II building and extending upwards.

The District currently encompasses approximately 1,288,607 square feet comprised of 151,524 square feet of common areas on the concourse, street and bridge levels, and 1,137,083 square feet of leasable space, of which 676,847 square feet is leased for office and retail uses for a baseline occupancy rate of 60%. The Gallery is connected to the commuter rail and subway network, and the concourse level common areas provide contiguous public access between 8th Street and 11th Street under roof to these several stations.

Pennsylvania Real Estate Investment Trust ("PREIT") in partnership with The Macerich Company (together and through their affiliates, "Developer") control all space in the District through ownership of 801-831 Market unit 1EH and 907-37 Market Street, and lease of Gallery I, Gallery II, and Burlington Coat from the Philadelphia Redevelopment Authority ("PRA").

Developer and the PRA propose to amend the leases and ultimately convey title for Gallery I, Gallery II and Burlington Coat and to invest approximately \$325.0 million into renovations and upgrade of all major building systems, common area finishes, exterior signage, façade improvements, tenanted areas, and surrounding public areas throughout the District ("Project"). Work is expected to commence in July 2015 with substantial completion of phase one by January 2017, and completion of all work and project stabilization by January 2019. The TIF creation date is December 31, 2015 and base amounts for incremental tax revenues approved herein are established as set forth in Part IV(b).

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased as long as such increases are funded privately or by non-local public sources. If the Initial Project Costs and/or size of the Project decrease by more than 15% prior to settlement of the financing, such decreases shall result in a pro rata reduction of the TIF Notes, provided, however, that the Developer complies with all minimum investment requirements of the Project Amended Lease and Development Agreements.

Part II, Economic Analysis

(A) Fiscal Effect on the Municipal Tax Base:

Development of the Project will produce significant positive net benefits to the City and School District of Philadelphia. The tax impact analysis is based on assumptions and methodology described below and is not intended as a maximum or minimum figure. The analysis includes the direct impact of the property, use and occupancy, wage, sales, liquor, and business privilege taxes.

Cost Benefit Analysis:

The cost benefit analysis indicates whether the Project provides a net benefit to the City and School District based on the assumption that the existing uses remain unchanged over the 20-year TIF period if the Project is not completed. Under current conditions, the City can expect to receive \$14.6 million over twenty years based on total tax receipts of \$71.9 million less \$57.3 million in payments that the City would be required to make towards maintenance of the mall if the Project does not proceed. In addition, the City's Pension Fund would receive \$11.3 million, and the School District would receive \$31.6 million. If the Project is completed, the City is estimated to collect \$72.3 million based on total tax receipts of \$129.6 million less \$57.3 million in payments that the City is required to make towards construction, maintenance and operation of a Public Access Area in the mall under the proposed Project during the 20 year TIF term. In addition, the City's Pension Fund is estimated to collect \$52.1 million, and the School District is estimated to collect approximately \$126.0 million over twenty years even after subtracting increments pledged to repay the TIF Notes. **Thus, the Project represents a net gain of \$57.7 million to the City, \$40.8 million to the City's Pension Fund, and \$94.4 million to the School District over the next twenty years.**

Tax Revenues:

Tax revenues from the Project are estimated at \$16.0 million in the first full year of operations and approximately \$378.0 million over twenty years. Of the taxes generated by the Project over 20 years, approximately \$72.3 million will accrue to the City, \$52.1 million will accrue to the City's Pension Fund, \$126.0 million will accrue to the School District, and \$127.5 million will accrue to the Tax Increment Fund to amortize the TIF Note(s). Tax increments will be derived from Real Estate, half of City Sales, and Business Income and Receipts Taxes as authorized herein (see Part IV). Tax projections are based on the following estimates.

- *Real Estate Tax.* Real Estate (property) taxes assume a base market value for real estate tax assessment purposes of \$167.5 million on December 31, 2015 of which \$112.5 million is taxable for 2015. Projected market value as of stabilization in 2019 is \$345 million assuming the Office of Property Assessment will assess the improvements based on projected tax liability of approximately \$4.10 per square foot

after taking into account construction costs, projected income, and comparable property values. Incremental Real Estate taxes will be pledged for repayment of the TIF Notes (see Part IV) and base amounts will inure to the benefit of the City and School District in proportion to their respective millage rates.

- *City Sales Tax:* The District currently contains approximately 889,300 square feet of total retail space, of which 48% is currently occupied. The approximately 429,083 square feet of existing occupied retail space currently generates average gross sales of \$112.2 million, or \$261 per available square foot, of which approximately 51% is taxable. Upon completion of the project and stabilization in 2019, it is projected that 839,200 square feet will generate average gross sales of \$447.6 million, or \$566 per square foot, of which approximately 51% is taxable. Incremental City Sales taxes derived from the City's 1% portion that is not otherwise obligated will be pledged for repayment of the TIF Notes (see Part IV) and the remaining incremental portion plus base values will inure to the benefit of the City and the City's Pension Fund.
- *Business Income and Receipts Tax:* Business Income and Receipts Tax projections are based on Developer's current BIRT payment and Developer's estimates after taking into account projected income. Projections include estimates of BIRT payable by tenants located within the District by calculating the gross tax rate by projected sales, discounted by 2/3 to reflect collectability. Incremental Business Income and Receipt Taxes will be pledged for repayment of the TIF Notes (see Part IV), and the base value will inure to the benefit of the City.
- *Wage Tax:* There are an estimated 2,590 full-time equivalent employees currently within the District, with an average annual salary of approximately \$23,220. Wage tax projections assume the Project will employ approximately 3,950 persons at 93% occupancy on a full time equivalent basis with an average estimated annual salary of \$28,880. Wage tax calculations for permanent, full-time equivalent employees assume that 65% of employees reside in the City. Wage taxes are calculated for the construction phase using an input-output model and assume that 35% of employees reside in the City. If the Project is completed, the City is estimated to collect \$103.0 million in Wage taxes over twenty years. Wage taxes will not be pledged for repayment of the TIF Notes and will inure to the benefit of the City.
- *Use & Occupancy Tax.* Base Use & Occupancy tax is calculated on current occupancy rate of 60% and assumes that tenants will occupy 93% of available space upon stabilization of the Project. Incremental Use & Occupancy taxes will not be pledged for repayment of the TIF Loan and the entire increment plus base amounts will inure to the benefit of the School District.
- *Liquor Tax:* Liquor tax projections assume that there will be approximately 59,788 square feet of sit-down restaurant retail space with a liquor license, and that 25% of restaurant sales revenues (\$665 per square foot) are derived from liquor sales. Liquor taxes will not be pledged for repayment of the TIF Notes and will inure to the benefit of the School District.

(B) Feasibility Analysis

Pennsylvania Real Estate Investment Trust (PREIT) is a publicly traded real estate investment trust founded in 1960 and headquartered in Philadelphia. PREIT was one of the first equity REITs in the United States and has a primary investment focus on retail shopping malls and power centers. The company's portfolio currently consists of 34 million square feet in 49 retail properties, including 38 shopping malls, eight strip and power centers and three properties under development. These properties are located in 13 U.S. states, primarily in the Mid-Atlantic region. In the Philadelphia area, PREIT manages The Gallery at Market East, the Shops at the Bellevue, Exton Square, Plymouth Meeting, Willow Grove, Cherry Hill and Moorestown Malls.

The Macerich Company (Macerich) is a publicly traded real estate investment trust founded in 1994 and headquartered in Santa Monica CA. Macerich acquires, owns, develops, renovates, manages and leases regional and community/power shopping centers throughout the United States and operates over 50 malls with approximately 57 million square feet under management, and \$3.7b of equity on \$9.1b total assets and \$1.0b total revenue. One of Macerich's major strategies is to redevelop acquired properties and it has built a staff of redevelopment professionals to oversee design and construction of projects. Macerich has recently undertaken major renovation and construction projects in Rosemont IL, McLean VA, and Niagara Falls NY.

Tax Benefit Analysis TIF

4/15/2016

Actual revenues will vary according to market conditions

TIF Basis: All incremental real estate, city sales (1% portion), business income & receipts, and 0% of use & occupancy taxes.

Rates:	Rate:	Benefit:	Comment:
Property, U&O Taxes			

Sales Taxes	City Sales Liquor Tax	2.000% City/TIF 10.0000% School	City property tax rate, calculated against market value School property tax rate, calculated against market value Calculated on occupied commercial space \$2,000 per property x 5 properties based on \$177,000 discount value
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Wago Tax	Resident Rate Non-Resident Rate Percent Resident	3.9200% City 3.4915% City 65% 35%	2017 3.8140% 3.9970%
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Business Income & Receipts Tax	Gross Rate Net Profit Rate	0.1415% City 8.450% City	Calculated against gross sales: 1% benefits TIF; 1% benefits Pensions Assumes 25% of gross restaurant sales are for liquor 65% resident for operations; 35% resident for construction Landlord BIRT based on Developer projections; Tenant BIRT = BIRT Tax on 1/3 of Gross revenues only Of gross Receipts (assumes half of sales can be captured under BIRT) Of taxable net income 85,981.26
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Source of Tax Revenue:

Calendar Year	Real Estate	Sales	Landlord BIRT	Tenant BIRT	Wage	Access Profit	Real Estate	School	USO	Liquor	TOTAL
Base 2015	677,025	1,137,753	33,054	52,927	2,287,444	(1,655,000)	830,475	746,710	10,843	10,843	3,901,031
TIF Start = 2016	677,025	1,056,384	21,514	52,149	2,788,523	(2,068,755)	830,475	663,877	-	-	4,023,191
Opening = 2017	2,076,210	3,958,486	67,060	49,405	3,527,742	(2,130,818)	830,475	649,130	-	-	4,609,471
Stabilized = 2018	2,128,115	4,055,408	69,902	196,006	4,565,668	(2,194,742)	2,546,790	3,365,478	782,109	782,109	15,978,350
2019	2,181,318	4,550,839	72,005	211,121	4,300,845	(2,328,402)	2,810,460	3,448,863	781,159	781,159	15,598,895
2020	2,235,851	4,678,731	73,805	218,369	4,408,366	(2,398,254)	2,675,721	3,607,908	983,245	983,245	16,464,601
2021	2,291,747	4,766,724	75,650	221,809	4,516,575	(2,470,202)	2,742,814	3,903,356	1,018,078	1,018,078	16,878,945
2022	2,349,041	4,816,842	77,542	227,355	4,631,539	(2,544,309)	2,811,180	4,001,190	1,043,528	1,043,528	17,290,202
2023	2,407,767	5,039,558	79,480	233,038	4,747,328	(2,620,637)	2,963,458	4,101,470	1,069,617	1,069,617	17,710,358
2024	2,467,981	5,165,547	81,467	238,964	4,868,011	(2,699,256)	3,027,333	4,204,257	1,123,768	1,123,768	18,140,643
2025	2,528,660	5,294,686	83,504	244,836	4,987,691	(2,780,234)	3,103,018	4,309,813	1,151,860	1,151,860	18,581,308
2026	2,592,902	5,427,053	85,581	250,857	5,112,353	(2,863,641)	3,180,582	4,417,603	1,180,656	1,180,656	19,032,593
2027	2,657,724	5,562,729	87,731	257,231	5,240,181	(2,949,550)	3,260,107	4,528,293	1,210,173	1,210,173	19,484,756
2028	2,724,187	5,701,787	89,924	263,862	5,371,165	(3,038,036)	3,341,609	4,641,751	1,240,427	1,240,427	19,938,057
2029	2,792,272	5,844,342	92,172	270,253	5,505,445	(3,129,176)	3,425,148	4,758,046	1,271,438	1,271,438	20,402,781
2030	2,862,078	5,990,451	94,477	277,009	5,643,081	(3,223,053)	3,510,778	4,877,246	1,303,224	1,303,224	20,878,139
2031	2,933,830	6,140,212	96,839	283,835	5,784,158	(3,319,744)	3,598,548	5,000,000	1,335,604	1,335,604	21,357,472
2032	3,006,871	6,293,717	99,260	290,309	5,928,792	(3,419,337)	3,688,511	5,124,692	1,368,200	1,368,200	21,840,942
2033	3,082,145	6,451,060	101,741	298,309	6,076,961	(3,521,917)	3,780,724	5,253,029	1,403,430	1,403,430	22,331,146
2034	3,159,189	6,612,337	104,285	305,767	6,228,905	(3,627,574)	3,875,242	5,384,605	1,438,515	1,438,515	22,825,530
2035	3,238,179	6,777,645	106,892	313,411	6,384,628	(3,736,402)	3,972,123	5,519,470	1,474,478	1,474,478	23,321,145
20-Yr TIF Total	60,393,966	104,241,972	1,681,641	4,843,403	103,036,423	(67,266,888)	61,816,927	86,854,099	22,287,069	22,287,069	377,953,620

Use of Tax Revenue:

TIF	City	City Pension	School	Total
-	1,744,326	568,876	1,587,828	3,901,031
-	1,999,648	529,192	1,494,352	4,023,191
-	2,637,367	492,498	1,478,605	4,609,471
4,518,441	4,344,192	1,978,248	5,136,470	15,978,350
4,870,729	3,836,896	2,027,704	5,061,486	15,598,895
5,253,228	3,304,325	2,275,420	5,831,629	16,464,601
5,446,177	3,341,954	2,339,685	5,751,908	18,878,945
5,636,381	3,380,256	2,386,362	5,975,163	17,290,202
5,831,360	3,418,114	2,458,321	6,001,501	17,710,358
6,031,203	3,456,573	2,518,779	6,131,088	18,140,643
6,236,642	3,498,637	2,562,774	6,263,854	18,581,308
6,446,001	3,539,310	2,647,343	6,398,938	19,032,593
6,661,210	3,580,585	2,713,528	6,538,425	19,484,756
6,881,800	3,622,484	2,781,385	6,682,398	19,938,057
7,107,804	3,665,012	2,850,889	6,828,947	20,402,781
7,338,860	3,708,150	2,922,171	6,978,158	20,878,139
7,577,211	3,751,910	2,995,225	7,133,126	21,357,472
7,820,700	3,796,288	3,070,168	7,289,942	21,840,942
8,070,276	3,841,308	3,148,859	7,452,703	22,331,146
8,328,092	3,886,948	3,225,530	7,618,509	22,825,530
8,586,303	3,933,213	3,306,168	7,788,460	23,321,145
8,857,070	3,980,109	3,388,823	7,962,660	24,189,661
127,499,786	72,326,767	52,120,988	128,011,070	377,953,620

Schedule of Taxable Values for TIF

4/15/2015

All figures are estimates only; actual figures will vary according to market conditions

Schedule:

TIF Start 12/31/2015
Initial Project Opening 1/1/2017
Stabilization 1/1/2019

Square Footage:	Base	Opening	Retail	2017	2018	2019
Tenanted Area:						
801 Market Street (former Strawbridge & Clothier)	222,561	222,561	222,561			
833 & 901-905 Market Street (Gallery I)	198,133	180,499	130,576	49,923		
907 Market Street (former Gimbel's/Kmart)	377,792	382,633	168,609	214,024		
1001-19 & 1025 Market Street (Gallery II, Burlington Ct)	338,597	328,120	317,499	10,621		
Total Tenanted Areas	1,137,083	1,137,813	839,245	274,568		
Common Areas	151,524	174,794				
Total Square Footage	1,288,607	1,288,607				
Construction & Occupancy:	2014	2015	2016	2017	2018	2019
Retail occupied (square feet)	429,083	354,992	341,802	716,619	790,463	
Office occupied (square feet)	247,764	247,764	247,764	247,764	247,764	
Total occupied (square feet)	676,847	602,756	589,566	964,383	1,038,227	
Vacant / Under Construction (square feet)	460,236	534,327	547,517	149,430	75,586	
Total Leasable Space	1,137,083	1,137,083	1,137,083	1,113,813	1,113,813	
Common Area	151,524	151,524	151,524	174,794	174,794	
Total (square feet)	1,288,607	1,288,607	1,288,607	1,288,607	1,288,607	
Occupancy Rate (occupied / available)	60%	53%	52%	87%	87%	93%

Income:	Base	Stabilized
Gross Retail Sales	\$ 112,213,267	\$ 447,606,949
Average Sales per square foot of available retail	\$ 261.52	\$ 566.26
Percent Taxable	51%	51%
Sit-Down Restaurant (square feet)	625	59,788
Sit-Down Restaurant (sales per square foot)	681	665
Ratio of liquor to sit-down restaurant sales	25%	25%
Annual Rentals	\$ 16,377,610	\$ 25,304,950
Net Operating Income	\$ 7,652,168	\$ 25,867,251

Real Estate:	Base	Stabilized
Total	\$ 168,800,000	\$ 383,000,000
Exempt	\$ 56,300,000	\$ 38,000,000
Taxable	\$ 112,500,000	\$ 345,000,000

Employment:	Base	Projected
Operational employment (full time equivalent)	2,590	3,950
Average annual operational salary per FTE	\$ 23,220	\$ 28,880
Gross annual operational wages	\$ 60,144,000	\$ 114,080,000
Construction employment (full time equivalent)		2,165
Average annual construction salary per FTE	\$	\$ 46,882
Gross construction wages		\$ 101,500,000

Schedule of Taxable Values for TIF

4/15/2015

All figures are estimates only; actual figures will vary according to market conditions

TAXABLE VALUES:

Calendar Year	Real Estate	Total Sales	Taxable Sales	Liquor Sales	Landlord Gross Receipts	Net Operating Income	Construction Wages	Permanent Wages
Growth	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%		2.5%
Base	112,500,000	112,213,267	56,887,638	106,435	23,404,929	7,652,168		60,144,000
2015	112,500,000	110,563,517	52,919,198	-	15,296,545	4,030,561	15,225,000	59,259,768
TIF Start = 2016	112,500,000	104,746,490	49,249,828	-	15,296,545	4,030,561	35,525,000	59,259,768
Opening = 2017	345,000,000	407,285,797	197,824,782	7,621,060	45,540,488	21,957,268		103,803,491
2018	353,625,000	417,467,942	202,770,402	7,811,586	46,911,122	22,620,250	35,525,000	106,398,578
Stabilized = 2019	362,465,625	447,606,949	227,541,970	9,932,453	50,887,003	25,867,251	15,225,000	114,080,000
2020	371,527,266	458,797,122	233,986,532	10,180,764	52,159,178	26,513,932		116,932,000
2021	380,815,447	470,267,050	239,836,196	10,435,283	53,463,158	27,176,781		119,855,300
2022	390,335,833	482,023,727	245,832,101	10,696,165	54,799,736	27,856,200		122,851,683
2023	400,094,229	494,074,320	251,977,903	10,963,569	56,169,730	28,552,605		125,922,975
2024	410,096,585	506,426,178	258,277,351	11,237,658	57,573,973	29,266,420		129,071,049
2025	420,349,000	519,086,832	264,734,284	11,518,600	59,013,322	29,898,081		132,297,825
2026	430,857,725	532,084,003	271,352,642	11,806,565	60,488,656	30,748,033		135,605,271
2027	441,629,168	545,365,603	278,136,458	12,101,729	62,000,872	31,516,734		138,995,403
2028	452,669,897	558,999,743	285,089,869	12,404,272	63,550,894	32,304,652		142,470,288
2029	463,986,644	572,974,737	292,217,116	12,714,379	65,139,666	33,112,268		146,032,045
2030	475,586,310	587,299,105	299,522,544	13,032,239	66,768,158	33,940,075		149,682,846
2031	487,475,968	601,981,583	307,010,607	13,358,045	68,437,362	34,788,577		153,424,917
2032	499,662,867	617,031,122	314,685,872	13,691,996	70,148,296	35,658,291		157,260,540
2033	512,154,439	632,456,901	322,553,019	14,034,296	71,902,003	36,549,748		161,192,053
2034	524,958,300	648,268,323	330,616,845	14,385,153	73,699,553	37,463,492		165,221,855
2035	538,082,258	664,475,031	338,882,266	14,744,782	75,542,042	38,400,080		169,352,401
20-yr TIF Total	\$ 8,373,872,562	\$ 10,268,698,559	\$ 5,212,098,586	\$ 222,670,592	\$ 1,169,491,756	\$ 588,321,299	\$ 86,275,000	\$ 2,649,710,286

Part III, Project Costs

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased as long as such increases are funded privately or by non-local public sources. If the Initial Project Costs and/or size of the Project decrease by more than 15% prior to settlement of the financing, such decreases shall result in a pro rata reduction of the TIF Notes, provided, however, that the Developer complies with all minimum investment requirements of the Project Amended Lease and Development Agreements.

- (A) *Initial Project Costs:* Initial Project Costs estimated to be \$325 million include capital costs of \$275 million of which \$90.3 million is in tenanted areas, and financing, working capital and other costs of \$50 million (see "Initial Project Costs," attached).
- (B) *Eligible Project Costs:* Proceeds of TIF Notes issued by PAID will be used to fund and/or reimburse the Developer for the payment of Initial Project Costs. Tax increments authorized pursuant to this Project Plan will be applied to repayment of the TIF Notes including but not limited to payment of principal, interest, reimbursement of principal and interest payments advanced by the Developer or its affiliates and any financing fees, interest, or penalties due thereon, which together shall constitute qualifying project costs for purposes of the TIF Act ("Eligible Project Costs").

Initial Project Costs

4/15/2015

LINE ITEM (\$ Millions)	Total (\$MM)
CAPITAL COSTS:	
Construction	184.7
Tenant Work	90.3
Total Capital Costs	275.1
FINANCING COSTS	5.8
SOFT COSTS AND WORKING CAPITAL	44.2
TOTAL PROJECT	\$ 325.0

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased as long as such increases are funded privately or by non-local public sources. If the Initial Project Costs and/or size of the Project decrease by more than 15% prior to settlement of the financing, such decreases shall result in a pro rata reduction of the TIF Notes, provided, however, that the Developer complies with all minimum investment requirements of the Project Amended Lease and Development Agreements.

Part IV, Method and Timing of Financing

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased as long as such increases are funded privately or by non-local public sources. If the Initial Project Costs and/or size of the Project decrease by more than 15% prior to settlement of the financing, such decreases shall result in a pro rata reduction of the TIF Notes, provided, however, that the Developer complies with all minimum investment requirements of the Project Amended Lease and Development Agreements.

(A) *Sources of Funds:*

- *Private Debt and Equity (\$234.5 million = 72%):* It is expected that the Developer will invest \$234.5 million in private debt and equity financing with terms and mix dependent on market conditions.
 - *Public Funding Agreement:* The City will enter into one or more project funding agreements with PAID to facilitate one or more sub-agreements with the Developer for City reimbursement of the Developer's construction, maintenance and operating costs relating to the public access area over a 43-year term with an aggregate present value equal to approximately \$58 million.
- *Tax Increment Financing (\$55.0 million = 17%):* The Developer expects to obtain debt financing by a public offering, or private placement to third party lender, of taxable TIF Notes in a principal amount not to exceed \$55 million secured by the projected tax increments authorized herein.
- *Commonwealth of PA (\$15.5 million = 5%)*
 - *PA Redevelopment Assistance Capital Program (RACP):* The Developer has received commitment from the Commonwealth of Pennsylvania for a RACP grant, of which \$13.0 million is available to fund Initial Project Costs.
 - *PA Infrastructure and Facilities Improvement Program (IFIP):* The Developer has received commitment from the Commonwealth of Pennsylvania for an IFIP grant in the amount of \$2 million with a present value of approximately \$1.5 million.
 - *PA Multi-Modal Grant:* The Developer has received commitment from the Commonwealth of Pennsylvania for a Multi-Modal grant in the amount of \$1.0 million.
- *Other non-City public or below market financing (\$20.0 million = 6%):* The Developer and the City shall cooperate to obtain the remaining \$20.0 million from non-City public sources, which amounts might include additional Federal, State or Regional funds, net present value benefit of low-cost financing obtained through the

US Immigrant Investor program, and/or reduction in project scope and budget to the extent that additional funds are less than projected, provided, however, that the Developer complies with all minimum investment requirements of the Project Amended Lease and Development Agreements.

Financing is expected to be committed by July 2015 with a TIF effective date of December 31, 2015 and project completion projected for January 1, 2017.

- (B) *Trustee; Security:* In connection with either a public offering or private placement, PAID and the Developer may appoint a financial institution to serve as trustee for the benefit of the holder(s) from time to time of the TIF Notes, and all TIF Revenues shall be deposited by the Taxing Bodies directly with such Trustee and applied in accordance with the Act and as authorized herein.
- (C) *Authorized Tax Increments:* Incremental increases in Real Estate, City Sales, and Business Privilege Taxes are hereby authorized to fund Eligible Project Costs as described below ("Tax Increments").

1. Real Estate taxes:

a) *Base:* The full aggregate market value of the taxable property in the district determined by the Office of Property Assessment as of the date on which the district is created.

b) *Increment:* The annual Real Estate Tax Increment shall mean all incremental increases in real estate tax revenues resulting from an increase in the total market value of taxable real property situated in the district over the Base amount. The Real Estate Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act. Such Real Estate Tax Increment may result either from an increased assessment of the property in the district or an increased millage rate as applied to the portion of the market value of the property in excess of the Base amount.

2. City Sales taxes:

a) *Base:* All City sales tax revenue collected each year during the term of the District up to the City Sales Tax Base, which amount has been determined by the Philadelphia Finance Director based on the retail sales in the District to be \$568,876 as of the District's creation date, shall constitute the City Sales Tax Base and each year shall inure to the benefit of the City in accordance with the Act.

b) *Increment:* The City Sales Tax Increment shall mean incremental increases in sales tax revenue over the City Sales Tax Base derived from a 1% tax rate collected each year until termination of the District. The City Sales Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act. City Sales Tax revenues in excess of amounts derived from the 1% rate shall inure to the benefit of the City, City Pension Fund or School

District in accordance with existing law.

3. Business Income and Receipt Taxes:

a) *Base:* All Business Income and Receipt Tax revenue collected each year during the term of the District up to the Business Income and Receipts Tax Base, which amount has been determined by the Philadelphia Finance Director based on taxable business revenue in the District to be \$85,981 as of the District's creation date, shall constitute the Business Income and Receipts Tax Base and each year shall inure to the benefit of the City in accordance with the Act.

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

(D) *Additional Tax Increments:* Tax Increments which are authorized above but not required to pay debt service on the TIF Note shall be applied, first, to reimbursement of debt service on the TIF Notes paid by the Developer under the Project Note, including interest thereon and, second, to prepayment of principal on the TIF Note (subject to lender's prepayment restrictions and reserve requirements applicable to excess Tax Increments sufficient to defease the then outstanding TIF Notes). Tax Increments not applied to payment of Eligible Project Costs including prepayments, defeasance escrow deposits or reimbursements, if any, shall be returned to the City and School District upon satisfaction of the TIF Notes.

(E) *Substitute TIF Loan:* The TIF Note may be refunded ("Substitute Loan"), and Tax Increments authorized herein may be applied towards repayment of the Substitute Loan so long as the terms of the Substitute Loan do not increase the principal amount of the then outstanding TIF Notes or the interest on the Substitute Loan above the maximum interest rate on the initial TIF Notes.

(F) *Maximum Interest Rate:* The maximum stated interest rate, without regard to original issue discount or premium, on the TIF Notes and any Substitute Loan shall not exceed 9% per annum.

Method & Timing of Financing

4/15/2015

LINE ITEM (\$ Millions)	Total (\$MM)
PRIVATE FINANCING:	
Developer's debt and/or equity (1)	234.5
PUBLIC FINANCING:	
Tax Increment Financing	55.0
Commonwealth of PA	15.5
Other non-City public or below market financing	20.0
Total Public Financing	90.5
TOTAL PROJECT	<u>\$ 325.0</u>

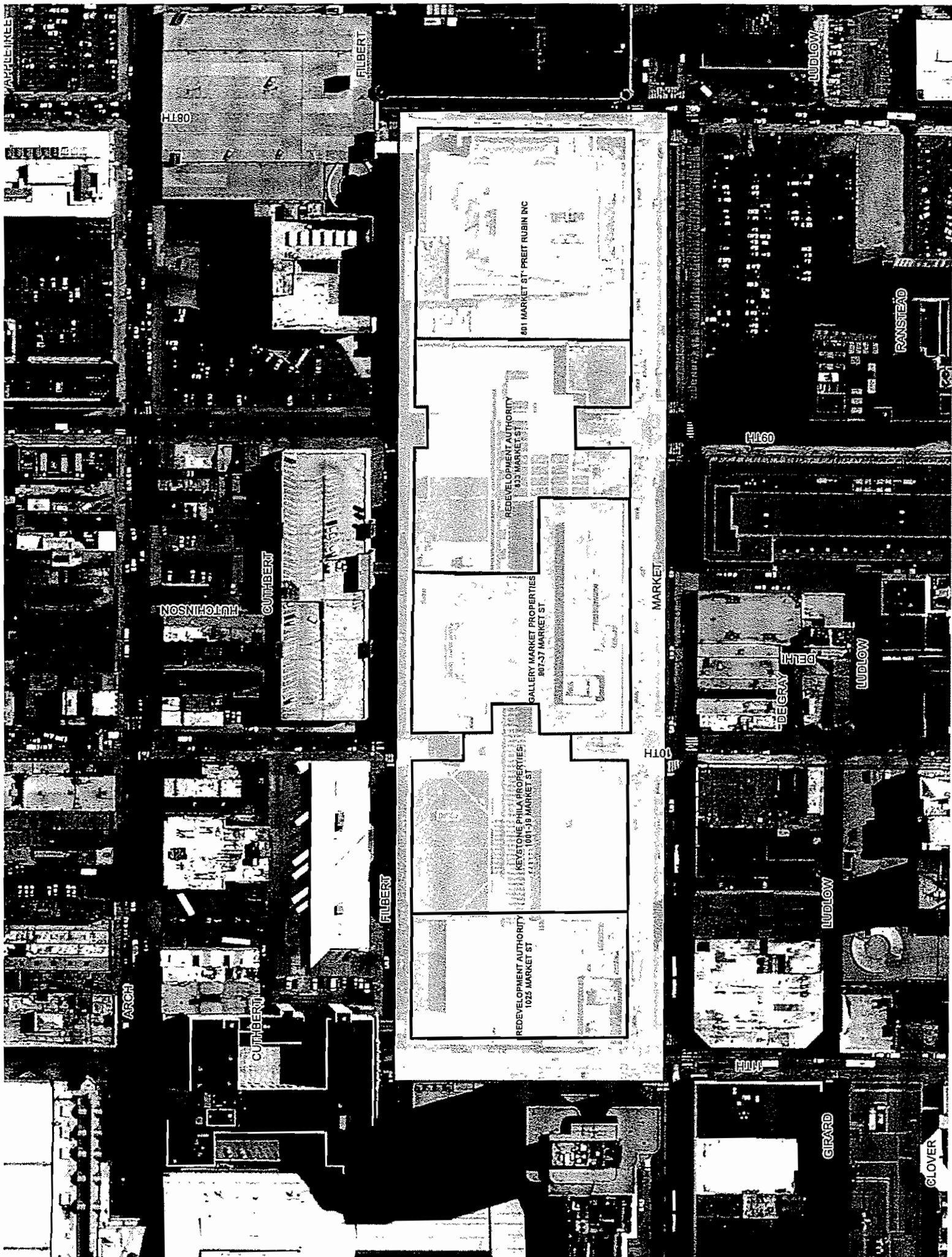
- (1) The City will enter into a project funding agreement with the developer under which the City will provide reimbursement for construction, operating and maintenance costs relating to the public access area on an annual basis over a 43-year term with a present value equal to approximately \$58 million.

The Project design has not been finalized and the figures presented here are based on estimates. The total amount and line items may vary as the Project design is refined and are not intended as limitations. The Initial Project Costs and/or size of the Project may be increased as long as such increases are funded privately or by non-local public sources. If the Initial Project Costs and/or size of the Project decrease by more than 15% prior to settlement of the financing, such decreases shall result in a pro rata reduction of the TIF Notes, provided, however, that the Developer complies with all minimum investment requirements of the Project Amended Lease and Development Agreements.

Part V, Site Maps

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

(Site map on file with the Chief Clerk of City Council)



H180

FILBERT

LUDLOW

801 MARKET ST PREIT RUBIN INC

REDEVELOPMENT AUTHORITY
133 MARKET ST

GALLERY MARKET PROPERTIES
907-97 MARKET ST

KEYSTONE PHILA PROPERTIES
1111 1001-18 MARKET ST

REDEVELOPMENT AUTHORITY
1025 MARKET ST

MARKET

H101

H160

CUTBERT

DEGRAY

H120

LUDLOW

LUDLOW

GIRARD

GLOVER

RANSTEAD

ARCH

CUTBERT

FILBERT

SITE LOCATION MAP
NOT TO SCALE

SITE LOCATION MAP
NOT TO SCALE

BOTTOM OF 1ST FLOOR
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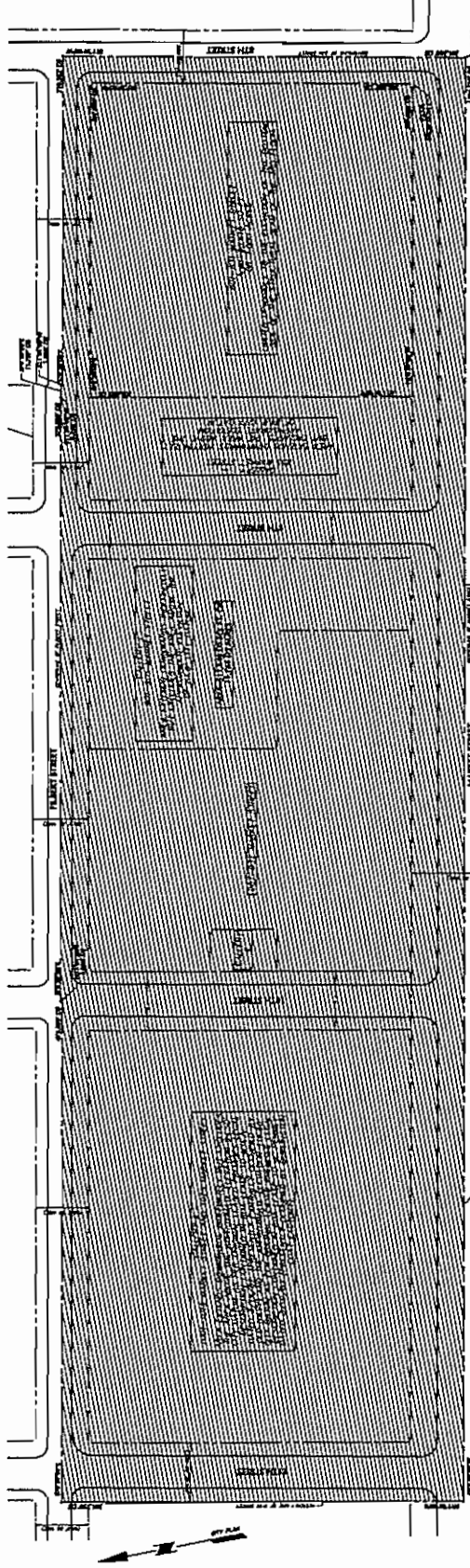
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STREET LEVEL SITE PLAN



NOTES

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Case No.	Case Name	Case Type	Case Status	Case Date	Case Time	Case Location	Case Description	Case Remarks
1	John Doe	Case 1	Open	1/1/2020	10:00 AM	Room 101	John Doe is a 30-year-old male who is currently unemployed and has a history of drug use.	John Doe is a 30-year-old male who is currently unemployed and has a history of drug use.
2	Jane Smith	Case 2	Open	1/1/2020	11:00 AM	Room 102	Jane Smith is a 25-year-old female who is currently unemployed and has a history of drug use.	Jane Smith is a 25-year-old female who is currently unemployed and has a history of drug use.
3	Bob Johnson	Case 3	Open	1/1/2020	12:00 PM	Room 103	Bob Johnson is a 40-year-old male who is currently unemployed and has a history of drug use.	Bob Johnson is a 40-year-old male who is currently unemployed and has a history of drug use.
4	Alice Brown	Case 4	Open	1/1/2020	1:00 PM	Room 104	Alice Brown is a 35-year-old female who is currently unemployed and has a history of drug use.	Alice Brown is a 35-year-old female who is currently unemployed and has a history of drug use.
5	Charlie Davis	Case 5	Open	1/1/2020	2:00 PM	Room 105	Charlie Davis is a 20-year-old male who is currently unemployed and has a history of drug use.	Charlie Davis is a 20-year-old male who is currently unemployed and has a history of drug use.
6	Eve White	Case 6	Open	1/1/2020	3:00 PM	Room 106	Eve White is a 28-year-old female who is currently unemployed and has a history of drug use.	Eve White is a 28-year-old female who is currently unemployed and has a history of drug use.
7	Frank Green	Case 7	Open	1/1/2020	4:00 PM	Room 107	Frank Green is a 32-year-old male who is currently unemployed and has a history of drug use.	Frank Green is a 32-year-old male who is currently unemployed and has a history of drug use.
8	Grace Black	Case 8	Open	1/1/2020	5:00 PM	Room 108	Grace Black is a 27-year-old female who is currently unemployed and has a history of drug use.	Grace Black is a 27-year-old female who is currently unemployed and has a history of drug use.
9	Henry Gold	Case 9	Open	1/1/2020	6:00 PM	Room 109	Henry Gold is a 38-year-old male who is currently unemployed and has a history of drug use.	Henry Gold is a 38-year-old male who is currently unemployed and has a history of drug use.
10	Ivy Silver	Case 10	Open	1/1/2020	7:00 PM	Room 110	Ivy Silver is a 24-year-old female who is currently unemployed and has a history of drug use.	Ivy Silver is a 24-year-old female who is currently unemployed and has a history of drug use.

LEGAL DESCRIPTION - EAST MARKET TWP DISTRICT

[illegible]

LEGEND

HYDRANT	STREET LIGHT
DOWN POLE	DOWN POLE
WATER VALVE	WATER VALVE
CAS VALVE	CAS VALVE
CASED BLUSH	CASED BLUSH
WELL CORD FROM	WELL CORD FROM
CLEAN CUT	CLEAN CUT
WELL	WELL
BENCH MARK	BENCH MARK
POL	POL
WELL SPRING WELL	WELL SPRING WELL
BOLLARD	BOLLARD
STONE CHAIN	STONE CHAIN
SAW LART	SAW LART
CAS	CAS
WELL	WELL
ELECTRIC	ELECTRIC
FENCE TYPE AS	FENCE TYPE AS
OVERHEAD WIRE	OVERHEAD WIRE
GLASS BALL TYPE	GLASS BALL TYPE
TELEPHONE	TELEPHONE
DEE LINE	DEE LINE

EXHIBIT A

**EAST MARKET
TIF DISTRICT**

PHILADELPHIA	PHOENIX
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EXHIBIT A

Ordering No.	Inventory	Ordering No.
101		
102		
103		
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04.01

Date	By	For	\$ or %
7/2/81	100	2200457 YIF Div/circl P160.500	

\\jansen.com\data\prod\data7\220045701\Survey Data - 220045701\Terrapoint\Existing\2200457.tif District Plan, 6/9/04

Part VI, Related Code Changes

There are no related code changes associated with the Project at this time.

Part VII, Non-Project Costs

The Initial Project Costs do not include expenditures by new or existing tenants for fit-out of leased spaces within the District, or improvements to space within the District controlled by SEPTA ("Non-Project Costs").

Part VIII, Relocation

The Project Plan does not call for displacement of any lawfully possessed individuals, families and business through condemnation as a result of the Project. Accordingly, there are no relocation costs associated with the Project.

Addendum: Statutory Requirements

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

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



CITY OF PHILADELPHIA

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

ROB DUBOW
Director of Finance

April 9, 2015

STATEMENT OF REVIEW OF ESTIMATES

To President Darrell L. Clarke and Members of City Council:

We have reviewed the Project Plan for the Gallery at Market East Tax Increment Financing (TIF) District. Specifically, we have reviewed the assumptions, estimation methods, and calculations in the Tax Benefit Analysis, and the Schedule of Taxable Values (version dated 3/31/15).

Our review has found that all projections contained in the TIF District's project plan of tax revenues to be generated by the TIF District are based on reasonable and appropriate assumptions and methods of estimation. All such assumptions and methods are consistently applied throughout the projections. Estimates of base tax revenues and projected tax revenues are based on current or projected tax rates and are consistent with historical collection patterns.

The assumptions are based on critical project descriptions. These descriptions, which include the project size, the project completion date, as well as the tenant mix and occupancy level, were not included in our review.

The projected TIF increment values for sales tax and Business Income and Receipts Tax (BIRT) include only the amounts for those taxpayers with an account that is unique to the Gallery location. Accordingly, taxpayers that are within the Gallery location must use accounts unique to the Gallery location in order to be counted for TIF reimbursement purposes. Locations outside of the Gallery will not be counted for TIF reimbursement purposes.

Sincerely,

A handwritten signature in black ink, appearing to be "Rob Dubow".

Rob Dubow
Director of Finance

cc: Michael Nutter, Mayor
Everett Gillison, Mayor's Chief of Staff
John Grady, President, Philadelphia Industrial Development Corporation
Alan Greenberger, Deputy Mayor for Economic Development
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City of Philadelphia Economic Opportunity Plan

Gallery Redevelopment Project

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I. Introduction and Definitions

The City of Philadelphia strongly encourages the use of certified Minority ("MBE"), Women ("WBE"), Disabled ("DSBE") and Disadvantaged¹ ("DBEs") Business Enterprises (collectively, "M/W/DSBEs") and minority and female workers in all aspects of **GALLERY REDEVELOPMENT PROJECT** located between **8th Street, 11th Street, Filbert Street, and Market Street** which may include financial investment, design, construction and operations. In support of this objective, the City of Philadelphia will require that **Pennsylvania Real Estate Investment Trust - PREIT** (the "Owner") of the Project commit to this Economic Opportunity Plan ("EOP" or "Plan"). This Plan contains ranges of projected M/W/DSBE utilization and goals for the employment of minority and female workers in connection with the Project at the Site. This Plan shall be a part of and incorporated into the resulting agreement(s) with the owners of the **GALLERY REDEVELOPMENT PROJECT**.

The Owner hereby verifies that all information submitted to the Office of Economic Opportunity ("OEO") in response to this Plan, is true and correct and take notice that the submission of false information is subject to the penalties of 18 PA C. S. Section 4904, relating to unsworn falsification to authorities and 18 PA C. S. Section 4107.2 (a)(4), relating to fraud in connection with minority business enterprises or women's business enterprises.

For the purposes of this Plan, MBE, WBE, DBE and DSBE shall refer to certified businesses so recognized by OEO. Only the work or supply effort of firms that are certified as M/W/DSBEs by an OEO approved certifying agency² will be eligible to receive credit as a Best and Good Faith Effort. In order to be counted, certified firms must successfully complete and submit to the OEO an application to be included in the OEO Registry which is a list of registered M/W/DSBEs maintained by the OEO and available online at www.phila.gov/oeo/directory.

For this Plan, the term "Best and Good Faith Efforts," the sufficiency of which shall be in the sole determination of the City, means: efforts, the scope, intensity and appropriateness of which are designed and performed to foster meaningful and representative opportunities for participation by M/W/DSBEs and an appropriately diverse workforce and to achieve the objectives herein stated. Best and Good Faith Efforts are rebuttably presumed met when commitments are made within the M/W/DSBE participation ranges established for the improvements and a commitment is made to employ a diverse workforce as enumerated herein.

II. Project Scope.

The Project includes redevelopment of substantial portions of the Gallery, 801 Market Street and 907 Market Street. Features include, but are not limited to:

- Common area improvements
- New retail space construction
- New street level openings on Market Street for retail use
- New restaurants inside the Gallery and along Market Street

¹ Disadvantaged Business Enterprises ("DBEs") are those socially or economically disadvantaged minority and woman owned businesses certified under 49 C.F.R. Part 26.

² A list of "OEO approved certifying agencies" can be found at www.phila.gov/oeo

- New gateway façade and landmark identification at 10th & Market
- Installation of a food market at former Strawbridge's site at 801 Market Street

III. Goals.

A. M/W/DSBE Participation Ranges.

As a benchmark for the expression of "Best and Good Faith Efforts" to provide meaningful and representative opportunities for M/W/DSBEs in the Project, the following participation ranges have been established. These participation ranges represent, in the absence of discrimination in the solicitation and selection of M/W/DSBEs, the percentage of MBE, WBE and DSBE participation that is reasonably attainable through the exercise of Best and Good Faith Efforts. These percentages relate to the good faith estimated cost of the entire Project. In order to maximize opportunities for as many businesses as possible, a firm that is certified in two or more categories (e.g., MBE and WBE and DSBE or WBE and DSBE) will only be credited toward one participation range as either an MBE or WBE or DSBE. The ranges are based upon an analysis of factors such as the size and scope of the improvements and the availability of MBEs, WBEs, DSBEs and DBEs to participate in this development.

The following contract goals have been set for the Project:

Contracts	Minority Owned	Female Owned	DSBEs	Total
Professional Services	15-20%	10-15%	BGFE	25-35%
Construction	25-30%	5-10%	BGFE	30-40%

The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

The owner agrees to meet the obligations of the First Source agreement for this project.

B. Employment Goals.

The following Construction contract goals have been set for the Project:

Local Residents
35%

The owner agrees to exhaust Best and Good Faith Efforts to employ minority persons and females in its workforce of apprentices and journeymen at the following levels³:

- Minority Apprentices - 50% of all hours worked by all apprentices.
- Minority Journeymen - 32% of all journey hours worked across all trades.
- Female Apprentices - 7% of all hours worked by all apprentices.
- Female Journeypersons – 2% of all hours worked across all trades.

IV. Equity Ownership

“Economic Opportunity Plans,” to require that each Economic Opportunity Plan include information concerning the Equity Ownership (as defined) of (1) the contractor, developer and/or recipient of financial assistance required to submit the Plan; (2) participants (as defined) engaged by the contractor, developer and/or recipient of financial assistance; and (3) the eventual owner or owners of the project or contract to which the Plan relates; and requiring periodic reports for the purpose of updating Equity Ownership information; all under certain terms and conditions.

Identify the current equity owners of the project.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

If the project is privately owned, the following individuals will become the anticipated Equity Owners upon completion.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

Following the completion of the project, the project owner is responsible for meeting the reporting guideline identified in the Philadelphia Code.⁴

³ These goals, which have been adopted by the Economic Opportunity Cabinet, are the recommendations of the Mayor's Commission on Construction Industry Diversity

⁴ Philadelphia Code 17-1603.

V. Diversity Practices

In compliance with Chapter 17-1603 entitled Equal Opportunity Plan: Contents of The Economic Opportunity Plan shall contain a statement from the contractor, developer and/or recipient of financial assistance summarizing past practices by identifying and describing examples of processes used to develop diversity at any/all levels of its organization including, but not limited to, Board and managerial positions. This statement shall also summarize strategic business plans specific to current or past practices of M/W/DSBE utilization on government and non-government projects and procurement. Where appropriate, such a statement should contain:

1. Describe employment and recruitment policies used to achieve diversity in your workforce.

The Company is committed to equal employment opportunity and to attracting and retaining the most qualified employees, regardless of race, color, national origin, ancestry, citizenship, religion, creed, sex, sexual orientation, marital status, familial status, domestic partnership status, age, physical or mental disability, military status, veteran status, genetic information or family medical history, or other characteristic or activity protected by federal, state, or local law ("Protected Status").

2. Provide the race, gender, and residential (local) status of your:

A. Directors	14% are Women 43% reside in Philadelphia
B. Management	7% are African American 33% are Women 24% reside in Philadelphia
C. General Workforce	18% are African American 9% are Hispanic or Latino 4% are Asian or Pacific Islander 61% are Women 43% reside in Philadelphia

3. Identify your organization's methods of solicitation and utilization of Minority, Woman and Disabled Businesses (M/W/DSBEs). Please be specific in describing outreach and any procurement policies that are focused on creating or sustaining business relationships with M/W/DSBEs.

As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

4. What percentage of your company's total spend with vendors and suppliers is attributable to M/W/DSBEs? Please include a list of the largest M/W/DSBEs used by your organization in the last 12 months.

A. Identify the type of goods or services purchased.	n/a
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B. Amount of the contract.	n/a
C. Indicate if any of these M/W/DSBEs are listed in the City of Philadelphia's Office of Economic Opportunity Registry.	n/a
D. Are these companies certified as M/W/DSBEs? Do you rely on any particular certifying agency?	n/a
E. If there is no previous M/W/DSBE utilization, the Plan shall contain a statement that explains the reason for the lack of M/W/DSBE participation in past contract(s) or project(s).	As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

5. Describe any initiatives made by your organization to increase investment and promote equity ownership by minorities and women.

PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

VI. Responsiveness

A. The owner shall identify M/W/DSBE commitments and other agreements evidencing their intent to use Best and Good Faith efforts to employ minority persons and females at the levels stated herein on the form entitled "M/W/DSBE Participation and Workforce Commitments." The identified commitments on this form constitute a representation that the M/W/DSBE is capable of providing commercially useful goods or services relevant to the commitments and that the Owner has entered into legally binding commitments or other legally binding agreements with the listed M/W/DSBEs for the work or supply effort described and the dollar/percentage amounts set forth on the form. In calculating the percentage of M/W/DSBE participation, the standard mathematical rules apply in rounding off numbers. In the event of inconsistency between the dollar and percentage amounts listed on the form, the percentage will govern.

B. M/W/DSBE commitments are to be memorialized in a written subcontract agreement. Letters of intent, quotations, contracts, subcontracts and any other documents evidencing commitments with M/W/DSBEs, including the M/W/DSBE Participation and Workforce Commitments Form, become part of and an exhibit to the Agreement resulting from the RFP.

C. OEO will review the owner's commitments for the purpose of determining whether Best and Good Faith Efforts have been made. OEO reserves the right to request further documentation and/or clarifying information at any time during the construction and development of the Project.

VII. Compliance and Monitoring of Best and Good Faith Efforts.

A. The owner agrees to cooperate with OEO in its compliance monitoring efforts, and to submit, upon the request of OEO, documentation relative to its implementation of the Plan, including the items described below:

- Copies of signed contracts and purchase orders with M/W/DSBE subcontractors
- Evidence of payments (cancelled checks, invoices, etc.) to subcontractors and suppliers to verify participation; and
- Telephone logs and correspondence relating to M/W/DSBE commitments.
- To the extent required by law, the Owner shall ensure that its on-site contractors maintain certified payrolls which include a breakout of hours worked by minority and female apprentices and journeypersons. These documents are subject to inspection by OEO.

B. Prompt Payment of M/W/DSBEs.

The owner agrees and shall cause its contractors to ensure that M/W/DSBEs participating on the Project receive prompt payment for their work or supply effort within five (5) days after receipt of payment from the project owner.

C. Oversight Committee.

For this Project, in the sole discretion of the City, an oversight committee may be established consisting of representatives from [the Owner], representatives of the building trades, the construction manager, the City which may include the Project site's district councilperson, OEO, and appropriate community organizations ("Committee"). The Committee will meet regularly to provide advice for the purpose of facilitating compliance with the Plan.

D. Reporting.

The owner agrees to file an annual report with the City of Philadelphia and City Council concerning the performance of the Economic Opportunity Plan through the duration of the Project. In addition, during construction, the Owner will provide "snapshot" reports containing updates for certain categories of information contained in its annual report on a monthly basis during construction. Snapshot reporting will include: (i) utilization of M/W/DSBEs and/or DBEs, and (ii) the hiring and employment of minorities and females. All reports (quarterly & annually) provided to the City under this section will also be provided to the Office of Economic Opportunity.

VIII. Remedies and Penalties for Non-Compliance.

A. The owner agrees that its compliance with the requirements of this Plan is material to the Agreement. Failure to comply with the Plan may constitute a substantial breach of the Agreement and is subject to the remedies and penalties contained therein or otherwise available

at law or in equity. Notwithstanding the foregoing, no privity of contract exists between the City and any M/W/DSBE identified in any contract resulting from implementation of the Plan. Neither the Owner nor the City intends to give or confer upon any such M/W/DSBE any legal rights or remedies in connection with subcontracted services under any law or policy or by any reason of any contract resulting from implementation of the Plan except such rights or remedies that the M/W/DSBE may seek as a private cause of action under any legally binding contract to which it may be a party.

IX. Post-Construction Opportunities

PREIT, through a combination of reduced rent, tenant improvements, and professional services will support the following initiatives:

Home Grown Retail Development Pilot

PREIT will develop a public solicitation for proposals from independently owned Philadelphia retailers interested in leasing space within the Project. PREIT's specialty leasing group will lead this initiative. Space considerations could include kiosks, carts, and fixed interior locations. The categories of desired retailers will be determined as PREIT nears completion of its merchandising and leasing plan. PREIT will encourage applicants who have demonstrated successful management of smaller scale retail operations to apply for consideration.

Selected retailers will participate in a professional development program. Under this pilot program, PREIT will provide the following professional mentoring services:

- Basic operations financial modeling, including capital needs and operations budget
- Introductory marketing plan
- Product placement and point of sale advice
- Employee management seminar
- Periodic review of expansion plans, when appropriate

PREIT will provide kiosk owners operating in the Gallery during 2014 a right of first offer to relocate back into the Gallery once the reconstruction has been completed and will provide these kiosk owners with the professional mentoring and technical assistance services of PREIT's Home Grown Retail Development Pilot.

Food and Beverage Minority Entrepreneur Initiative

The new merchandising plan for the Project features venues for specialty prepared foods in an expanded floor plate concept. PREIT will identify food concepts which complement the broader merchandising plan and select targeted concepts for placement. PREIT will reserve specialty food space for placement of Philadelphia minority food vendors drawn from the following pool of candidates:

- The Center for Culinary Enterprises at the Enterprise Center
- The Philadelphia branch of The Network for Teaching Entrepreneurship
- Other local neighborhood retailer associations identified by the Office of Economic Opportunity

Retail Employment - Local Residents

PREIT completed a survey of the Gallery tenants to determine the residency of employees. The survey revealed that 483 of the 737 (65.5%) of employees reside in Philadelphia. The current tenants conducted their own employee recruitment and hiring. PREIT expects that future tenants will continue that practice. PREIT will notify current and prospective tenants that PREIT and the City share the goal of promoting the hiring of Philadelphia residents at the Gallery and will utilize the Philadelphia Workforce Development Agency to identify potential local employee pools.

Retail Employment - Youth

PREIT, in cooperation with its tenants, will develop a youth employment recruitment program that will provide Philadelphia area high school students with part-time and full-time positions at the Gallery. PREIT will coordinate through the proper agency to accomplish programs for Hotel, Restaurant, Travel, and Tourism and Business and Technology to expand the curriculum to include retail support training to ensure an adequate candidate pool. A publicized Job Fair will also be scheduled in coordination with the construction phasing. Finally, PREIT will encourage tenants to hire successful high school graduates in a full time capacity.

PREIT has set a goal of 25-30% M/W/DSBI* for the Home Grown Retail program. The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

Christopher Mrozinski

Christopher Mrozinski⁵
Vice President of Development
PREIT Services LLC on behalf of Owner
Pennsylvania Real Estate Investment Trust PREIT

6.1.15
Date

Angela Dwyer-Burton
Angela Dwyer-Burton
Executive Director
City of Philadelphia

6/1/2015
Date

⁵ The Owner's Representative is required to sign and date, but the City reserves the right to obtain the Owner's Representative signature thereon at any time prior to Plan certification. The Owner Representative will receive from the City a certified copy of its Plan which should be filed with the Chief Clerk of City Council within fifteen (15) days of the issuance and published by OEO, in a downloadable format on the OEO website.

⁶ Pursuant to Section 17-1603 (2) of The Philadelphia Code, the representative of the City of Philadelphia's Office of Economic Opportunity, the "certifying agency" certifies that the contents of this Plan are in compliance with Chapter 17-1600.

**FIRST SOURCE EMPLOYMENT AGREEMENT
GALLERY MALL**

THIS FIRST SOURCE EMPLOYMENT AGREEMENT (this "**Agreement**") is made this ____ day of _____, 2015 (the "**Effective Date**") between **THE CITY OF PHILADELPHIA**, a municipal corporation and body politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "**City**"), acting through its Department of Commerce (the "**Department**") and PR Gallery I Limited Partnership, a Pennsylvania limited partnership (the "**Beneficiary**").

Background

A. The Beneficiary is redeveloping the properties located on the north side of Market Street between 8th and 11th Streets commonly known as the Gallery Mall, including, without limitation, the construction and maintenance of an integrated public access area at the street and lower levels of the Gallery Mall and 801 Market Street to allow convenient access to the regional transportation hub beneath and adjacent to the Gallery Mall (collectively, the "**Entire Redevelopment Project**").

B. The City is facilitating the Entire Redevelopment Project through the provision to the Beneficiary of the following Financial Assistance (defined below), of which the Beneficiary is a recipient: (1) tax increment financing; and (2) City grant funds, each as more fully described in the agreements listed in **Exhibit A** to this Agreement, attached and made a part hereof,

C. Chapter 17-2000 of The Philadelphia Code (the "**Code**") requires that the City enter into a First Source Employment Agreement with the Beneficiary as a condition for the Beneficiary's receipt of the City's Financial Assistance, requiring the Beneficiary to use the First Source Registry (defined below) as its initial source for obtaining candidates for all New, Entry-Level Jobs (defined below) created directly or indirectly as a result of such Financial Assistance, subject to the below terms and conditions.

D. The Department is the "Designated Department" designated by the Mayor under §17-2000 of the Code to be responsible for the overall implementation and enforcement of Chapter 17-2000 of the Code.

E. The Beneficiary acknowledges that this Agreement and the Beneficiary's compliance with Chapter 17-2000 of the Code are material inducements for the City's grant of Financial Assistance to the Beneficiary.

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth, with the intention of being legally bound hereby, the parties hereto agree as follows:

1. **Background.** The Background set forth above is incorporated by reference herein.

2. Definitions.

a. **"Applicable Law(s)"** means all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, as may be amended from time to time, including without limitation, The City of Philadelphia Home Rule Charter, The Philadelphia Code (including, without limitation, Chapter 17-2000 thereof), and the Americans With Disabilities Act of 1990, P.L. Section 101-336, generally codified at 42 U.S.C. § 1201 et seq.

b. **"City-related Agency"** means all authorities and quasi-public corporations which either: (i) receive appropriations from the City; (ii) have entered into continuing contractual or cooperative relationships with the City; or (iii) operate under legal authority granted to them by City ordinance.

c. **"Community Referral Agency"** means any organized job registry or employment referral organization operated by a nonprofit organization or union approved by the City as satisfying the following requirements: (i) the agency has established a community membership base and record of conducting outreach to low and moderate income neighborhoods in Philadelphia; and (ii) the agency has a track record of nondiscriminatory employment referral and job placement with respect to race, color, religion, national origin, gender, gender orientation, age, marital or family status, or disability unrelated to job ability. As of the Effective Date, the Community Referral Agency is Philadelphia Work-, Inc., a non-profit corporation with a place of business at One Penn Center at Suburban Station 1617 JFK Boulevard, 13th Floor, Philadelphia PA 19103, or such organization as the City may designate from time to time in its discretion.

d. **"Entry-level Job(s)"** means work that requires little to no formal vocational training, education or prior experience in the field or profession beyond on-the-job training.

e. **"Financial Assistance"** means any grant, loan, incentive or abatement subject to City Council approval in the amount of twenty-five thousand dollars (\$25,000.00) or more that is provided to the Beneficiary with the authority or approval of the City or a City-related Agency, including but not limited to, bond financing subsidies, Tax Increment Financing (TIF) aid, industrial development bonds, use of the power of eminent domain, Community Development Block Grant (CDBG) loans or grants, airport revenue bonds, Enterprise Zone designations, and aid from the Philadelphia Works, Inc. (successor to the Philadelphia Workforce Development Corporation) or other similar agencies.

f. **"First Source Candidate(s)"** means an individual on the First Source Registry who meets the minimum qualifications and requirements of an Entry-level Job.

g. **"First Source Period"** means a period of ten (10) business days following notice by the Beneficiary to the Department or, if directed by the Department, to the Community Referral Agency of New, Entry-level Jobs projected or created as a direct or indirect result of Financial Assistance.

h. **“First Source Registry”** means a listing of Philadelphia residents compiled and maintained by the Department or the Community Referral Agency on behalf of the Department for the purpose of employment referrals, including but not limited to the Commonwealth of Pennsylvania Department of Labor and Industry’s Commonwealth Workforce Development System.

i. **“Good Faith Efforts”** means documentation submitted by the Beneficiary to the Department or if directed by the Department, to the Community Referral Agency which includes the following:

- (i) Timely, written notification projecting New, Entry-level Jobs;
- (ii) Written description of specific job qualifications and the minimum requirements for each New, Entry-Level Job;
- (iii) Written verification of compliance with the First Source Period timetable as provided in Section 17-2006(2) of the Code;
- (iv) Timely, written notification of the First Source Candidates that were either contacted, interviewed, hired or rejected; and
- (v) Such other information as the Department may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

j. **“Lease”** That certain Amended and Lease and Redevelopment Agreement dated ____ by and between Philadelphia Redevelopment Authority (as Landlord) and Beneficiary (as Tenant) with respect to certain property commonly known as Gallery I.

k. **New, Entry-Level Job(s)”** means all newly created Entry-Level Jobs, but excluding vacancies in New, Entry-level Jobs where such vacancies occur 45 consecutive days or more after the Beneficiary’s Good Faith Efforts to fill the same New, Entry-Level Job.

3. **Term.** The term of this Agreement (the **“Term”**) shall begin on the Effective Date and expires upon the two (2) year anniversary of Beneficiary’s completion, in accordance with the terms of the Lease, of the **“Entire Redevelopment Project”** (as defined in the Lease).

4. **Beneficiary’s Obligations.** The Beneficiary shall make and evidence Good Faith Efforts to fill 100 percent of New, Entry-level Jobs created directly or indirectly as result of Financial Assistance with First Source Candidates in accordance with the terms of this Agreement and Chapter 17-2000 of the Code. Following expiration of the First Source Period, the Beneficiary may fill New, Entry-level Jobs from other sources. For each New, Entry-level Job created directly or indirectly from the City’s Financial Assistance the Beneficiary shall:

a. Notify the Department or, if directed by the Department, the Community Referral Agency of New, Entry-Level Jobs and shall include in such notifications a general description of the job and the minimum requirements for qualified job applicants.

b. Not make any public announcement or advertisement of any New, Entry-Level Job created directly or indirectly as a result of the Financial Assistance during the First Source Period; provided, however, that the Department may waive the First Source Period only if the Beneficiary demonstrates to the satisfaction of the Department that a New, Entry-Level Job will be filled by the transfer or promotion of the Beneficiary's existing or former employee.

c. Accept from the Department or, if directed by the Department, the Community Referral Agency a list of First Source Candidates from the First Source Registry as referrals for employment, unless there are no First Source Candidates for the specific job.

d. Maintain records and submit to the Department or, if directed by the Department, the Community Referral Agency reports containing the following information on a quarterly basis for each of the three (3) month periods ending on March 31, June 30, September 30 and December 31, in the form specified by the Department in its sole discretion, each such report being due to the Department or, if directed by the Department, the Community Referral Agency within seven (7) days following the end of each quarterly reporting period:

i. The number of New, Entry-Level Jobs covered by this Agreement;

ii. The number of First Source Candidates and other City residents interviewed;

iii. The number of First Source Candidates and other City residents employed; and

iv. Such additional information as the Department or, if directed by the Department, the Community Referral Agency may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

e. Use Good Faith Efforts to hire First Source Candidate(s) referred to the Beneficiary from the First Source Jobs Registry, provided, however, that the Beneficiary shall not be required to hire any First Source Candidate(s).

f. Insert in its contracts with contractors and leases with tenants provisions requiring, as applicable, such contractors (as to themselves and their subcontractors) and tenants (as to themselves and their subtenants) to comply with (i) the Sections 4(a)-(e) above and Sections 10(a)-(b) below to the extent to which New, Entry-level Jobs are created directly or indirectly with such contractors, subcontractors, tenants and subtenants as a result of Financial Assistance hereunder, and (ii) to permit the audit of their affairs as provided in Section 14 below. The requirement that contractors (and their subcontractors) and tenants (and their subtenants) comply with the provisions of this Section 4(f) is herein defined as the "**Pushdown Provisions.**" Beneficiary shall use reasonable and good faith efforts to enforce the Pushdown Provisions. If Beneficiary uses such reasonable and good faith efforts to enforce the Pushdown Provisions, Beneficiary shall not be in default of this Agreement due to the failure of any contractor, subcontractor, tenant or subtenant to comply with the Pushdown Provisions.

5. Indemnification.

a. The Beneficiary shall indemnify, defend and hold harmless the City, and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each an **"Indemnified Party"**; collectively, the **"Indemnified Parties"**), whether or not the Indemnified Parties or any other person or entity whatsoever, shall have been negligent, from and against any and all losses, claims, suits, administrative or enforcement actions, public or private cost recovery actions, demands, liabilities, fines (civil or criminal) damages and/or expenses (including, without limitation, legal fees and court costs), at law or in equity, which may be imposed upon or incurred by or asserted against any of them by reason, in whole or in part, of (i) any failure on the part of the Beneficiary, its officers, directors, shareholders, employees or agents to keep, observe or perform any of the provisions contained in this Agreement; or (ii) in the performance of this agreement, any violation or alleged violation of Applicable Law by the Beneficiary, its officers, directors, shareholders, employees or agents.

b. In the event any action or proceeding is brought against an Indemnified Party for which the Beneficiary has indemnified the Indemnified Party, the Beneficiary shall, upon written notice from the Indemnified Party, resist or defend such claim at the Beneficiary's sole cost and expense (including without limitation, legal and experts' fees, and litigation costs), and resist or defend such action or proceeding by counsel approved by each Indemnified Party in writing, provided that each Indemnified Party may, if it so desires, engage at its sole expense its own counsel to participate in the defense of any such claim.

c. Without limiting the generality of Section 16 below, the provisions of this Section 5 shall survive expiration of the Term or earlier termination of this Agreement.

6. Release. In consideration of the terms, covenants and conditions of this Agreement, the Beneficiary does hereby remise, quitclaim, release and forever discharge, and by these presents does for the Beneficiary's successors and assigns, and the Beneficiary's officers, directors, shareholders, employees, agents, and any person claiming under or through any of them (each a **"Releasor"**; collectively, the **"Releasors"**), hereby remise, quitclaim, release and forever discharge the City and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each a **"Releasee"**; collectively, the **"Releasees"**) from any and all, and all manner of, actions and causes of action, suits, claims and demands whatsoever at law or in equity which any or all Releasors may have against any or all Releasees relating in any way whatsoever to the exercise of any rights, or performance of any obligations under, this Agreement by the Beneficiary, including without limitation, the evaluation, hiring, employment and/or termination of any First Source Candidate(s).

7. Compliance with Applicable Laws; Review by City.

a. Throughout the Term of this Agreement the Beneficiary shall, at its sole cost and expense, comply with all Applicable Laws in the performance of its obligations under this Agreement.

b. Review, approval and/or inspection by the City of any materials submitted or work performed by the Beneficiary in connection with this Agreement shall not constitute any representation, warranty or guaranty by the City as to the substance or quality of the matter reviewed or approved. No person or party shall rely in any way on such review or approval, and at all times the Beneficiary shall use its own independent judgment as to the accuracy and quality of all such matters. The Beneficiary shall use its own independent judgment in evaluating First Source Candidates. The City's review or approval of any matters under this Agreement shall not constitute or be construed to constitute approval otherwise required by any and all City departments, boards and commissions in connection with any and all aspects of such matters.

8. No City Financial Obligation. Nothing herein shall impose any financial obligation whatsoever upon the City.

9. Default; Remedies.

a. An event of default by the Beneficiary shall occur if the Beneficiary fails to perform or observe any of the terms, provisions, conditions, restrictions and covenants herein contained to be performed or observed by the Beneficiary and such failure continues for fifteen (15) days after written notice thereof from the City to the Beneficiary (or, if such failure cannot with due diligence be cured within said 15-day period, then such additional time as is reasonably required provided Beneficiary promptly commences and diligently prosecutes such cure, but in no event longer than sixty (60) days after written notice from the City (each an "Event of Default").

b. Upon an Event of Default by the Beneficiary, the City shall be entitled to do one or more of the following, in addition to exercising any of their respective rights and remedies available at law or in equity:

i. Withhold payment(s) or any part thereof related to the Financial Assistance pending corrective action.

ii. Require reimbursement of an appropriate amount of the Financial Assistance already provided to the Beneficiary.

iii. Suspend Beneficiary from bidding on and/or participating in future City contracts for up to three (3) years from the Event of Default.

c. The rights and remedies of the City, whether provided at law or in equity, or by this Agreement, shall be cumulative, and the exercise by the City of any one or more of such

rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any default or breach by the Beneficiary.

10. Non-Discrimination.

a. This Agreement is entered into under the terms of The Philadelphia Home Rule Charter and, in its performance, the Beneficiary shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation, ancestry or national origin. Without limiting the generality of Section 10 of this Agreement, the Beneficiary's noncompliance with the provisions of this Section 10 shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, pursuit of remedies as may be provided in this Agreement, at law or in equity.

b. In accordance with Chapter 17-400 of the Code, the Beneficiary agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the generality of Section 10 of this Agreement, a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

c. The Beneficiary agrees to include Paragraphs (a) and (b) of this Section 10, with appropriate adjustments for the identity of the parties, in all contracts which are entered into for work to be performed pursuant to this Agreement.

d. The Beneficiary further agrees to cooperate with the Commission on Human Relations of The City of Philadelphia in any manner which such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of the Code. Failure to so cooperate shall, without limiting the generality of Section 10 of this Agreement, constitute a substantial breach of this Agreement, entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

11. Intentionally Deleted.

12. Assignment; No Third Party Beneficiaries.

a. The Beneficiary shall not transfer or assign all or any part of its interest under this Agreement without the prior written consent of the City, which consent shall be in the sole discretion of the City, provided, however, that consent by the City shall not be required for any transfer or assignment of this Agreement where Beneficiary has transferred or assigned the Agreement in accordance with the terms and conditions of the Lease. Subject to the preceding

sentence, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

b. The provisions of this Agreement shall not be construed for the benefit of any third party.

13. **Notices.** Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by: (a) United States certified mail, postage prepaid, return receipt requested, (b) hand delivery by courier service with receipt obtained, charges prepaid, (c) overnight mail through a nationally recognized courier, charges prepaid, addressed to the following parties, or (d) by facsimile, with proof of transmission (with hard copy to follow by one of the other recognized methods within one (1) business day) and addressed as follows:

If addressed to Beneficiary:	PR Gallery I Limited Partnership c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: Daniel Herman, Senior Vice President, Development
------------------------------	--

With a copy to:	PR Gallery I Limited Partnership c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: General Counsel
-----------------	---

If addressed to the City:	City of Philadelphia Department of Commerce One Parkway Building,- 12 th Floor 1515 Arch Street Philadelphia, PA 19102 Attn: Commerce Director
---------------------------	---

With a copy to:	City of Philadelphia Law Department Real Estate and Economic Development Division One Parkway Building - 17 th Floor 1515 Arch Street Philadelphia, PA 19102 Attention: Divisional Deputy City Solicitor, Real Estate and Economic Development
-----------------	---

or to such other address as the party to receive the notice, demand, request, consent or waiver may hereafter designate by written notice to the other party. Such notice, demand, request, consent or waiver shall be deemed given (a) three (3) days following deposit in the U.S. mail, (b) upon receipt in the case of hand delivery, (c) the next business day following deposit with a nationally recognized overnight courier, or (d) the day faxed, except where such fax is transmitted after 5:00 p.m. EST, in which case the next business day. Notices may be given by the parties' respective counsel.

14. **Audit of Affairs.** During the Term of this Agreement, the City Controller shall have the right to audit the affairs of the Beneficiary in connection with this Agreement to the extent required under Section 6-400 of The Home Rule Charter. In order to facilitate such an audit, upon prior reasonable notice, the Beneficiary shall provide the Controller with reasonable access to the Beneficiary's books and financial records in connection with this Agreement.

15. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16. **Survival.** Any and all provisions set forth in this Agreement which, by its nature or their nature, would reasonably be expected to be performed after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

17. **Amendment.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by the City and the Beneficiary. No oral representations, whenever made, by any official or employee of the City shall be effective to modify the terms and provisions of this Agreement.

18. **Governing Law; Venue.** This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania, excluding conflict of law principles. Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County.

19. **Entire Agreement.** This Agreement sets forth all the promises, agreements, conditions and understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code. There are no promises, agreements, conditions or understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code other than those set forth in the Agreement.

20. **Counterparts.** This Agreement may be executed in on or more counterparts, each of which is an original, and all of which together are a single agreement between the City and the Beneficiary.

[Remainder of the page left intentionally blank; signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: BOE
Divisional Deputy City Solicitor

By: _____
Name: Alan Greenberger
Title: Commerce Director

Beneficiary

PR GALLERY I LIMITED PARTNERSHIP

By: GPM GP LLC, its general partner
By: PM Gallery LP, its sole member
By: PR 8-10 Market GP LLC, a general partner
By: PREIT Associates, L.P., its sole member
By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and
By: Macerich Gallery Market East GP LLC, a general partner

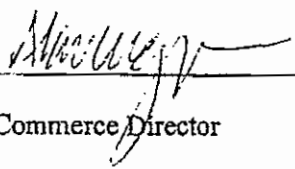
By: _____
Name: Thomas J. Leanse
Title: Senior Executive Vice President, Chief Legal Officer & Secretary

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THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By: 
Name: _____
Title: Commerce Director

Beneficiary

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Title: Executive Vice President, General Counsel &
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Approved as to Form:
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Per: _____
Chief Deputy City Solicitor

By: _____
Name:
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Beneficiary

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its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
Name: Randy Brant
Title: Executive Vice President, Real Estate

EXHIBIT A

Financial Assistance Description

(1) Tax Increment Financing:

- a. Tax Increment Financing Agreement (Gallery at Market East Tax Increment Financing District), dated _____, 2015, by and among The City of Philadelphia (the "City"), The School District of Philadelphia, the Philadelphia Authority for Industrial Development ("PAID") and _____.

(2) City Grant Funds

- a. Project Funding Agreement (Gallery I), dated _____, 2015, by and between the City and PAID.
- b. Sub-Agreement for Project Funding (Gallery I), dated _____, 2015, by and between PAID.

**FIRST SOURCE EMPLOYMENT AGREEMENT
GALLERY MALL**

THIS FIRST SOURCE EMPLOYMENT AGREEMENT (this "**Agreement**") is made this ____ day of _____, 2015 (the "**Effective Date**") between **THE CITY OF PHILADELPHIA**, a municipal corporation and body politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "**City**"), acting through its Department of Commerce (the "**Department**") and Keystone Philadelphia Properties, LP, a Pennsylvania limited partnership (the "**Beneficiary**").

Background

A. The Beneficiary is redeveloping the properties located on the north side of Market Street between 8th and 11th Streets commonly known as the Gallery Mall, including, without limitation, the construction and maintenance of an integrated public access area at the street and lower levels of the Gallery Mall and 801 Market Street to allow convenient access to the regional transportation hub beneath and adjacent to the Gallery Mall (collectively, the "**Entire Redevelopment Project**").

B. The City is facilitating the Entire Redevelopment Project through the provision to the Beneficiary of the following Financial Assistance (defined below), of which the Beneficiary is a recipient: (1) tax increment financing; and (2) City grant funds, each as more fully described in the agreements listed in **Exhibit A** to this Agreement, attached and made a part hereof,

C. Chapter 17-2000 of The Philadelphia Code (the "**Code**") requires that the City enter into a First Source Employment Agreement with the Beneficiary as a condition for the Beneficiary's receipt of the City's Financial Assistance, requiring the Beneficiary to use the First Source Registry (defined below) as its initial source for obtaining candidates for all New, Entry-Level Jobs (defined below) created directly or indirectly as a result of such Financial Assistance, subject to the below terms and conditions.

D. The Department is the "Designated Department" designated by the Mayor under §17-2000 of the Code to be responsible for the overall implementation and enforcement of Chapter 17-2000 of the Code.

E. The Beneficiary acknowledges that this Agreement and the Beneficiary's compliance with Chapter 17-2000 of the Code are material inducements for the City's grant of Financial Assistance to the Beneficiary.

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth, with the intention of being legally bound hereby, the parties hereto agree as follows:

1. **Background.** The Background set forth above is incorporated by reference herein.

2. Definitions.

a. **"Applicable Law(s)"** means all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, as may be amended from time to time, including without limitation, The City of Philadelphia Home Rule Charter, The Philadelphia Code (including, without limitation, Chapter 17-2000 thereof), and the Americans With Disabilities Act of 1990, P.L. Section 101-336, generally codified at 42 U.S.C. § 1201 et seq.

b. **"City-related Agency"** means all authorities and quasi-public corporations which either: (i) receive appropriations from the City; (ii) have entered into continuing contractual or cooperative relationships with the City; or (iii) operate under legal authority granted to them by City ordinance.

c. **"Community Referral Agency"** means any organized job registry or employment referral organization operated by a nonprofit organization or union approved by the City as satisfying the following requirements: (i) the agency has established a community membership base and record of conducting outreach to low and moderate income neighborhoods in Philadelphia; and (ii) the agency has a track record of nondiscriminatory employment referral and job placement with respect to race, color, religion, national origin, gender, gender orientation, age, marital or family status, or disability unrelated to job ability. As of the Effective Date, the Community Referral Agency is Philadelphia Works, Inc., a non-profit corporation with a place of business at One Penn Center at Suburban Station 1617 JFK Boulevard, 13th Floor, Philadelphia PA 19103, or such organization as the City may designate from time to time in its discretion.

d. **"Entry-level Job(s)"** means work that requires little to no formal vocational training, education or prior experience in the field or profession beyond on-the-job training.

e. **"Financial Assistance"** means any grant, loan, incentive or abatement subject to City Council approval in the amount of twenty-five thousand dollars (\$25,000.00) or more that is provided to the Beneficiary with the authority or approval of the City or a City-related Agency, including but not limited to, bond financing subsidies, Tax Increment Financing (TIF) aid, industrial development bonds, use of the power of eminent domain, Community Development Block Grant (CDBG) loans or grants, airport revenue bonds, Enterprise Zone designations, and aid from the Philadelphia Works, Inc. (successor to the Philadelphia Workforce Development Corporation) or other similar agencies.

f. **"First Source Candidate(s)"** means an individual on the First Source Registry who meets the minimum qualifications and requirements of an Entry-level Job.

g. **"First Source Period"** means a period of ten (10) business days following notice by the Beneficiary to the Department or, if directed by the Department, to the Community Referral Agency of New, Entry-level Jobs projected or created as a direct or indirect result of Financial Assistance.

h. **"First Source Registry"** means a listing of Philadelphia residents compiled and maintained by the Department or the Community Referral Agency on behalf of the Department for the purpose of employment referrals, including but not limited to the Commonwealth of Pennsylvania Department of Labor and Industry's Commonwealth Workforce Development System.

i. **"Good Faith Efforts"** means documentation submitted by the Beneficiary to the Department or if directed by the Department, to the Community Referral Agency which includes the following:

- (i) Timely, written notification projecting New, Entry-level Jobs;
- (ii) Written description of specific job qualifications and the minimum requirements for each New, Entry-Level Job;
- (iii) Written verification of compliance with the First Source Period timetable as provided in Section 17-2006(2) of the Code;
- (iv) Timely, written notification of the First Source Candidates that were either contacted, interviewed, hired or rejected; and
- (v) Such other information as the Department may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

j. **"Lease"** Those certain Amended and Lease and Redevelopment Agreements dated ____ by and between Philadelphia Redevelopment Authority (as Landlord) and Beneficiary (as Tenant) with respect to certain property commonly known as Gallery II and 1025 Market Street, Philadelphia.

k. **New, Entry-Level Job(s)"** means all newly created Entry-Level Jobs, but excluding vacancies in New, Entry-level Jobs where such vacancies occur 45 consecutive days or more after the Beneficiary's Good Faith Efforts to fill the same New, Entry-Level Job.

3. **Term.** The term of this Agreement (the **"Term"**) shall begin on the Effective Date and expires upon the two (2) year anniversary of Beneficiary's completion, in accordance with the terms of the Lease, of the **"Entire Redevelopment Project"** (as defined in the Lease).

4. **Beneficiary's Obligations.** The Beneficiary shall make and evidence Good Faith Efforts to fill 100 percent of New, Entry-level Jobs created directly or indirectly as result of Financial Assistance with First Source Candidates in accordance with the terms of this Agreement and Chapter 17-2000 of the Code. Following expiration of the First Source Period, the Beneficiary may fill New, Entry-level Jobs from other sources. For each New, Entry-level Job created directly or indirectly from the City's Financial Assistance the Beneficiary shall:

a. Notify the Department or, if directed by the Department, the Community Referral Agency of New, Entry-Level Jobs and shall include in such notifications a general description of the job and the minimum requirements for qualified job applicants.

b. Not make any public announcement or advertisement of any New, Entry-Level Job created directly or indirectly as a result of the Financial Assistance during the First Source Period; provided, however, that the Department may waive the First Source Period only if the Beneficiary demonstrates to the satisfaction of the Department that a New, Entry-Level Job will be filled by the transfer or promotion of the Beneficiary's existing or former employee.

c. Accept from the Department or, if directed by the Department, the Community Referral Agency a list of First Source Candidates from the First Source Registry as referrals for employment, unless there are no First Source Candidates for the specific job.

d. Maintain records and submit to the Department or, if directed by the Department, the Community Referral Agency reports containing the following information on a quarterly basis for each of the three (3) month periods ending on March 31, June 30, September 30 and December 31, in the form specified by the Department in its sole discretion, each such report being due to the Department or, if directed by the Department, the Community Referral Agency within seven (7) days following the end of each quarterly reporting period:

i. The number of New, Entry-Level Jobs covered by this Agreement;

ii. The number of First Source Candidates and other City residents interviewed;

iii. The number of First Source Candidates and other City residents employed; and

iv. Such additional information as the Department or, if directed by the Department, the Community Referral Agency may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

e. Use Good Faith Efforts to hire First Source Candidate(s) referred to the Beneficiary from the First Source Jobs Registry, provided, however, that the Beneficiary shall not be required to hire any First Source Candidate(s).

f. Insert in its contracts with contractors and leases with tenants provisions requiring, as applicable, such contractors (as to themselves and their subcontractors) and tenants (as to themselves and their subtenants) to comply with (i) the Sections 4(a)-(e) above and Sections 10(a)-(b) below to the extent to which New, Entry-level Jobs are created directly or indirectly with such contractors, subcontractors, tenants and subtenants as a result of Financial Assistance hereunder, and (ii) to permit the audit of their affairs as provided in Section 14 below. The requirement that contractors (and their subcontractors) and tenants (and their subtenants) comply with the provisions of this Section 4(f) is herein defined as the "**Pushdown Provisions.**" Beneficiary shall use reasonable and good faith efforts to enforce the Pushdown Provisions. If Beneficiary uses such reasonable and good faith efforts to enforce the Pushdown Provisions, Beneficiary shall not be in default of this Agreement due to the failure of any contractor, subcontractor, tenant or subtenant to comply with the Pushdown Provisions.

5. **Indemnification.**

a. The Beneficiary shall indemnify, defend and hold harmless the City, and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each an **"Indemnified Party"**; collectively, the **"Indemnified Parties"**), whether or not the Indemnified Parties or any other person or entity whatsoever, shall have been negligent, from and against any and all losses, claims, suits, administrative or enforcement actions, public or private cost recovery actions, demands, liabilities, fines (civil or criminal) damages and/or expenses (including, without limitation, legal fees and court costs), at law or in equity, which may be imposed upon or incurred by or asserted against any of them by reason, in whole or in part, of (i) any failure on the part of the Beneficiary, its officers, directors, shareholders, employees or agents to keep, observe or perform any of the provisions contained in this Agreement; or (ii) in the performance of this agreement, any violation or alleged violation of Applicable Law by the Beneficiary, its officers, directors, shareholders, employees or agents.

b. In the event any action or proceeding is brought against an Indemnified Party for which the Beneficiary has indemnified the Indemnified Party, the Beneficiary shall, upon written notice from the Indemnified Party, resist or defend such claim at the Beneficiary's sole cost and expense (including without limitation, legal and experts' fees, and litigation costs), and resist or defend such action or proceeding by counsel approved by each Indemnified Party in writing, provided that each Indemnified Party may, if it so desires, engage at its sole expense its own counsel to participate in the defense of any such claim.

c. Without limiting the generality of Section 16 below, the provisions of this Section 5 shall survive expiration of the Term or earlier termination of this Agreement.

6. **Release.** In consideration of the terms, covenants and conditions of this Agreement, the Beneficiary does hereby remise, quitclaim, release and forever discharge, and by these presents does for the Beneficiary's successors and assigns, and the Beneficiary's officers, directors, shareholders, employees, agents, and any person claiming under or through any of them (each a **"Releasor"**; collectively, the **"Releasors"**), hereby remise, quitclaim, release and forever discharge the City and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each a **"Releasee"**; collectively, the **"Releasees"**) from any and all, and all manner of, actions and causes of action, suits, claims and demands whatsoever at law or in equity which any or all Releasors may have against any or all Releasees relating in any way whatsoever to the exercise of any rights, or performance of any obligations under, this Agreement by the Beneficiary, including without limitation, the evaluation, hiring, employment and/or termination of any First Source Candidate(s).

7. Compliance with Applicable Laws; Review by City.

a. Throughout the Term of this Agreement the Beneficiary shall, at its sole cost and expense, comply with all Applicable Laws in the performance of its obligations under this Agreement.

b. Review, approval and/or inspection by the City of any materials submitted or work performed by the Beneficiary in connection with this Agreement shall not constitute any representation, warranty or guaranty by the City as to the substance or quality of the matter reviewed or approved. No person or party shall rely in any way on such review or approval, and at all times the Beneficiary shall use its own independent judgment as to the accuracy and quality of all such matters. The Beneficiary shall use its own independent judgment in evaluating First Source Candidates. The City's review or approval of any matters under this Agreement shall not constitute or be construed to constitute approval otherwise required by any and all City departments, boards and commissions in connection with any and all aspects of such matters.

8. No City Financial Obligation. Nothing herein shall impose any financial obligation whatsoever upon the City.

9. Default; Remedies.

a. An event of default by the Beneficiary shall occur if the Beneficiary fails to perform or observe any of the terms, provisions, conditions, restrictions and covenants herein contained to be performed or observed by the Beneficiary and such failure continues for fifteen (15) days after written notice thereof from the City to the Beneficiary (or, if such failure cannot with due diligence be cured within said 15-day period, then such additional time as is reasonably required provided Beneficiary promptly commences and diligently prosecutes such cure, but in no event longer than sixty (60) days after written notice from the City (each an "Event of Default").

b. Upon an Event of Default by the Beneficiary, the City shall be entitled to do one or more of the following, in addition to exercising any of their respective rights and remedies available at law or in equity:

i. Withhold payment(s) or any part thereof related to the Financial Assistance pending corrective action.

ii. Require reimbursement of an appropriate amount of the Financial Assistance already provided to the Beneficiary.

iii. Suspend Beneficiary from bidding on and/or participating in future City contracts for up to three (3) years from the Event of Default.

c. The rights and remedies of the City, whether provided at law or in equity, or by this Agreement, shall be cumulative, and the exercise by the City of any one or more of such

rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any default or breach by the Beneficiary.

10. Non-Discrimination.

a. This Agreement is entered into under the terms of The Philadelphia Home Rule Charter and, in its performance, the Beneficiary shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation, ancestry or national origin. Without limiting the generality of Section 10 of this Agreement, the Beneficiary's noncompliance with the provisions of this Section 10 shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, pursuit of remedies as may be provided in this Agreement, at law or in equity.

b. In accordance with Chapter 17-400 of the Code, the Beneficiary agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the generality of Section 10 of this Agreement, a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

c. The Beneficiary agrees to include Paragraphs (a) and (b) of this Section 10, with appropriate adjustments for the identity of the parties, in all contracts which are entered into for work to be performed pursuant to this Agreement.

d. The Beneficiary further agrees to cooperate with the Commission on Human Relations of The City of Philadelphia in any manner which such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of the Code. Failure to so cooperate shall, without limiting the generality of Section 10 of this Agreement, constitute a substantial breach of this Agreement, entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

11. Intentionally Deleted.

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a. The Beneficiary shall not transfer or assign all or any part of its interest under this Agreement without the prior written consent of the City, which consent shall be in the sole discretion of the City, provided, however, that consent by the City shall not be required for any transfer or assignment of this Agreement where Beneficiary has transferred or assigned the Agreement in accordance with the terms and conditions of the Lease. Subject to the preceding

sentence, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

b. The provisions of this Agreement shall not be construed for the benefit of any third party.

13. **Notices.** Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by: (a) United States certified mail, postage prepaid, return receipt requested, (b) hand delivery by courier service with receipt obtained, charges prepaid, (c) overnight mail through a nationally recognized courier, charges prepaid, addressed to the following parties, or (d) by facsimile, with proof of transmission (with hard copy to follow by one of the other recognized methods within one (1) business day) and addressed as follows:

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Keystone Philadelphia Properties, LP
c/o PREIT Services, LLC
200 South Broad Street
The Bellevue, Third Floor
Philadelphia, PA 19102
Attn: Daniel Herman,
Senior Vice President, Development

With a copy to:

Keystone Philadelphia Properties, LP
c/o PREIT Services, LLC
200 South Broad Street
The Bellevue, Third Floor
Philadelphia, PA 19102
Attn: General Counsel

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City of Philadelphia Department of Commerce
One Parkway Building,- 12th Floor
1515 Arch Street
Philadelphia, PA 19102
Attn: Commerce Director

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City of Philadelphia Law Department
Real Estate and Economic Development Division
One Parkway Building – 17th Floor
1515 Arch Street
Philadelphia, PA 19102
Attention: Divisional Deputy City Solicitor, Real
Estate and Economic Development

or to such other address as the party to receive the notice, demand, request, consent or waiver may hereafter designate by written notice to the other party. Such notice, demand, request, consent or waiver shall be deemed given (a) three (3) days following deposit in the U.S. mail, (b) upon receipt in the case of hand delivery, (c) the next business day following deposit with a nationally recognized overnight courier, or (d) the day faxed, except where such fax is transmitted after 5:00 p.m. EST, in which case the next business day. Notices may be given by the parties' respective counsel.

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15. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16. **Survival.** Any and all provisions set forth in this Agreement which, by its nature or their nature, would reasonably be expected to be performed after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

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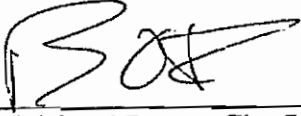
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THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: 
Divisional Deputy City Solicitor

By: _____
Name: Alan Greenberger
Title: Commerce Director

Beneficiary

KEYSTONE PHILADELPHIA PROPERTIES, LP

Keystone Philadelphia Properties, LP

By: GPM GP LLC, its general partner

By: PM Gallery LP, its sole member

By: PR 8-10 Market GP LLC, a general partner

By: PREIT Associates, L.P., its sole member

By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

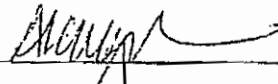
By: _____
Name: Thomas J. Leanse
Title: Senior Executive Vice President, Chief Legal Officer & Secretary

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By:  _____
Name:
Title: Commerce Director

Beneficiary

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By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
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KEYSTONE PHILADELPHIA PROPERTIES, LP

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By: PM Gallery LP, its sole member

By: PR 8-10 Market GP LLC, a general partner

By: PREIT Associates, L.P., its sole member

By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
Name: Randy L. Brand
Title: Executive Vice President, Real Estate

EXHIBIT A

Financial Assistance Description

(1) Tax Increment Financing:

- a. Tax Increment Financing Agreement (Gallery at Market East Tax Increment Financing District), dated _____, 2015, by and among The City of Philadelphia (the "City"), The School District of Philadelphia, the Philadelphia Authority for Industrial Development ("PAID") and _____.

(2) City Grant Funds

- a. Project Funding Agreement (Gallery II), dated _____, 2015, by and between the City and PAID.
- b. Sub-Agreement for Project Funding (Gallery II), dated _____, 2015, by and between PAID.

AMENDMENTS TO BILL NO. 150376

The bill is hereby amended to add Exhibits "A," "B," "C-1," "C-2," "D," "E-1," "F," and "G," attached hereto.

FILBERT (53.5' WIDE) ST.

55.781'

STREET

N11°01'00"E 306.500'

9TH

N11°01'00"E 306.500'

60.365'

55.781'

38.219'

N11°01'00"E 20.000'

50.00'

144.000'

N11°01'00"E 20.000'

22.948'

RESERVED AS A RIGHT-OF-WAY FOR DRAINAGE PURPOSES
ORDINANCE: 1-20-1982

Ⓐ
PORTION UNDER
MARKET STREET:
MALL LEVEL
[AREA=5717 sq.ft.]
PROPOSED TO BE STRICKEN

AREA TO BE STRICKEN IS LIMITED IN VERTICAL DIMENSION TO THE SPACE
LYING BETWEEN THE TOP OF THE STRUCTURAL SLAB SEPARATING
THE TRUCK LEVEL FROM THE MALL LEVEL (LOWER LIMIT) & THE TOP
OF THE STRUCTURAL SLAB SEPARATING THE MALL LEVEL FROM
THE STREET LEVEL (UPPER LIMIT).

BLK: 392.219'

308.906'

N11°01'00"E 37.170'

N11°01'00"E 10.553'

324.925'

578.59.00"E 71.420'

10.644'

N11°01'00"E 36.580'

N11°01'00"E 10.644'

43.162'

20.000'

N11°01'00"E 29.075'

MARKET

578.59.00"E
(100' WIDE)

ST.

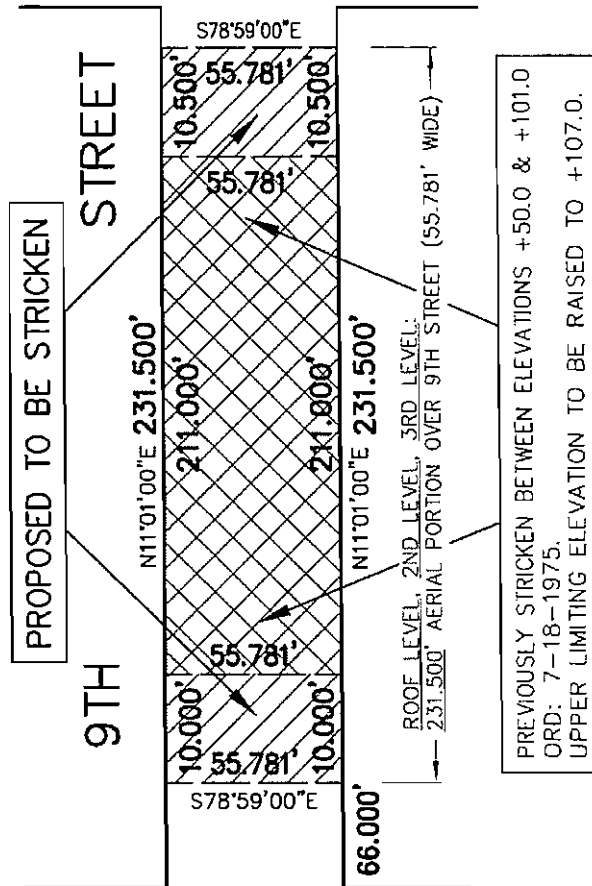
50' 8TH ST.

(B)

AERIAL PORTION OVER 9TH STREET:

[AREA=12913 sq.ft.]

FILBERT (53.5' WIDE) ST.



MARKET (100' WIDE) ST.

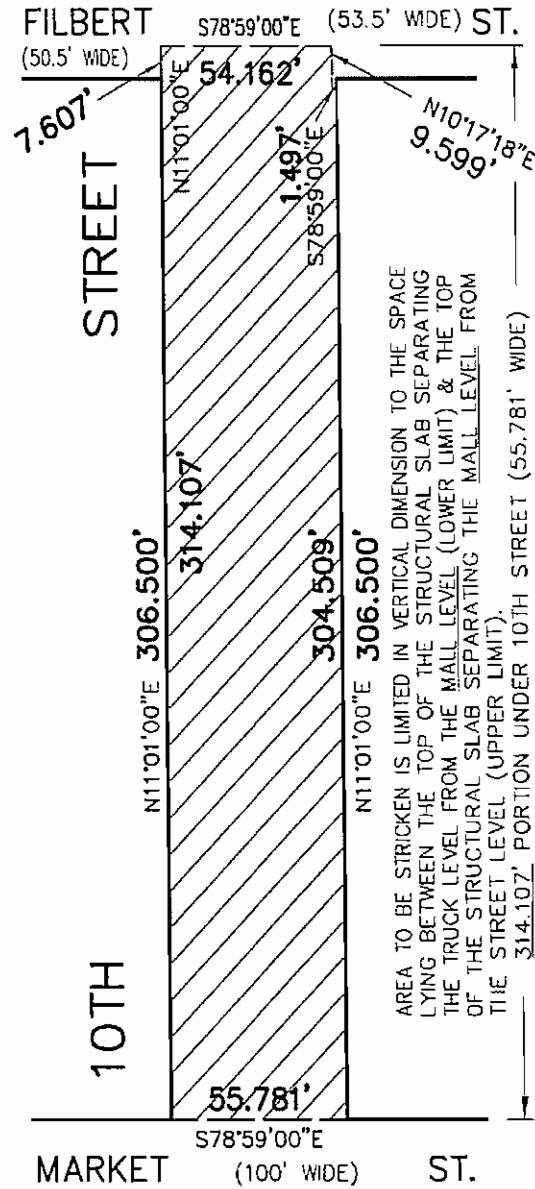
AERIAL PORTION:

AREA TO BE STRICKEN IS LIMITED IN VERTICAL DIMENSION TO THE SPACE LYING BETWEEN THE UNDERSIDE OF THE STRUCTURAL MEMBERS FORMING THE BOTTOM OF THE SECOND LEVEL (LOWER LIMIT) & A PLANE OF ELEVATION OF APPROXIMATELY +107.0 VERTICAL FEET, AS RELATED TO CITY OF PHILADELPHIA VERTICAL DATUM, SAID PLANE OF ELEVATION BEING APPROXIMATELY 20.0 VERTICAL FEET ABOVE THE UPPER SIDE OF THE STRUCTURAL MEMBERS FORMING THE ROOF LEVEL (UPPER LIMIT).

(C-1)

PORTION UNDER 10TH STREET:
MALL LEVEL [AREA=17506 sq.ft.]

PROPOSED TO BE STRICKEN

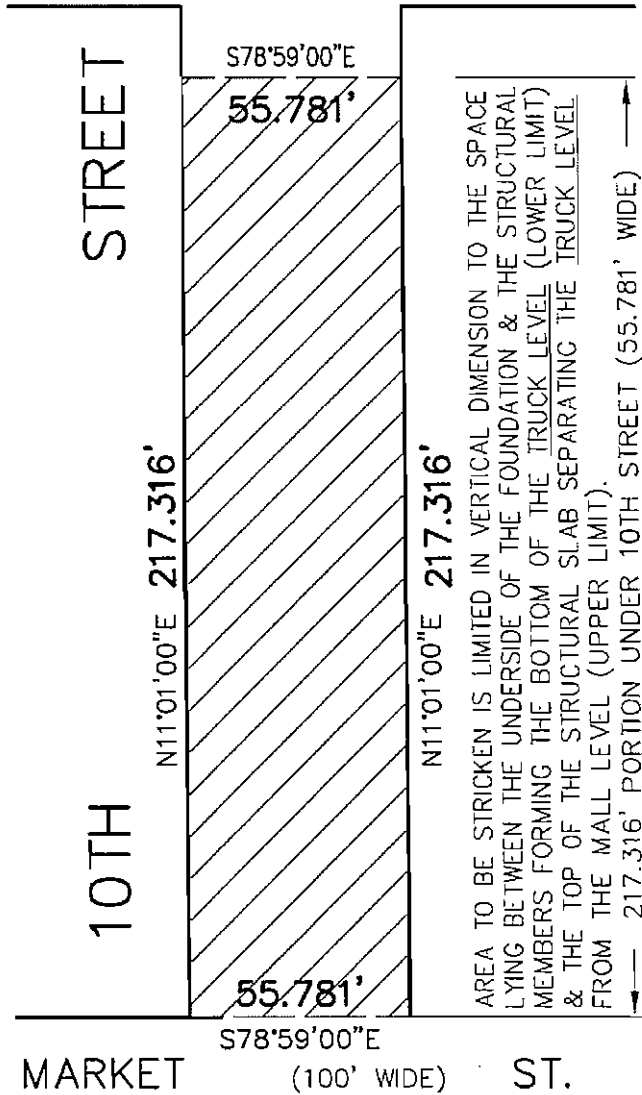


(C-2)

PORTION UNDER 10TH STREET:
TRUCK LEVEL [AREA=12122 sq.ft.]

PROPOSED TO BE STRICKEN

FILBERT (50.5' WIDE) ST. (53.5' WIDE) ST.



Ⓓ

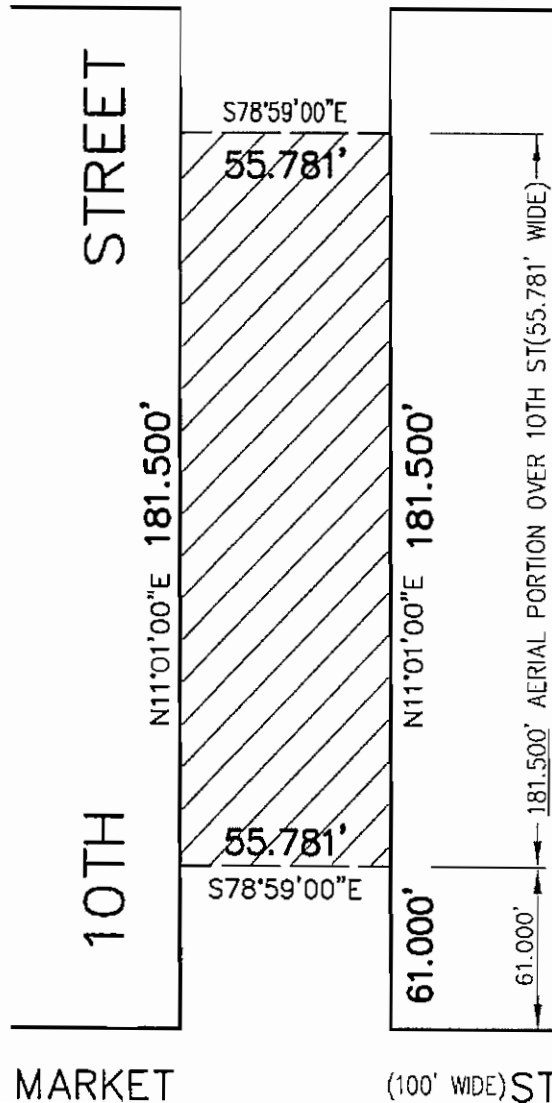
AERIAL PORTION OVER 10TH STREET:

[AREA=10124 sq.ft.]

PROPOSED TO BE STRICKEN

FILBERT
(50.5' WIDE)

(53.5' WIDE) ST.



AERIAL PORTION:

AREA TO BE STRICKEN IS LIMITED IN VERTICAL DIMENSION TO THE SPACE LYING BETWEEN THE UNDERSIDE OF THE STRUCTURAL MEMBERS FORMING THE BOTTOM OF THE SECOND LEVEL (LOWER LIMIT) & A PLANE OF ELEVATION OF APPROXIMATELY +118.0 VERTICAL FEET, AS RELATED TO CITY OF PHILADELPHIA VERTICAL DATUM, SAID PLANE OF ELEVATION BEING APPROXIMATELY 20.0 VERTICAL FEET ABOVE THE UPPER SIDE OF THE STRUCTURAL MEMBERS FORMING THE ROOF LEVEL (UPPER LIMIT).

(E-1)

PORTION UNDER 11TH STREET:

MALL LEVEL [AREA=11088 sq.ft.]

PROPOSED TO BE STRICKEN

FILBERT (50.5' WIDE) ST.

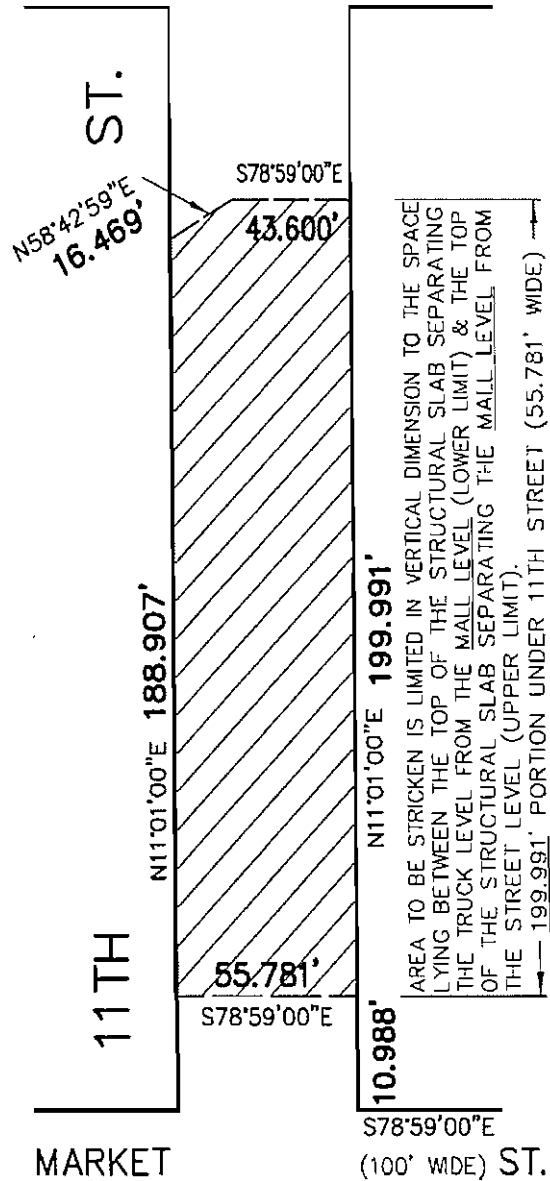


EXHIBIT "F"
Sub-Surface Areas

9TH STREET

The Sub-Surface Areas with respect to 9th Street shall consist of the following two areas, but excepting therefrom any and all premises dedicated by the Redevelopment Authority pursuant to those deeds dated July 24, 1974 and recorded in Deed Book DCC 716, Page 129 and Deed Book DCC 716, Page 133.

TRUCK TUNNEL— GALLERY I UNDER NORTH 9TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 9th Street, (55.781' wide), said point being located at the intersection of said easterly right-of-way line of 9th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 9th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 9th Street; thence,
2. Along the said line of 9th Street, North 11°01'00" East, a distance of 306.500 feet; thence,
3. Crossing the right-of-way of 9th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 9th Street; thence,
4. Along said line of 9th Street, South 11°01'00" West, a distance of 306.500 feet to the first mentioned point and place of beginning.
- 5.

Containing 0.392 ACRES, more or less.

Area is limited in vertical dimension to the space lying between the underside of the foundation and the structural members forming the bottom of the Truck Level, and the top of the structural slab separating the Truck Level from the Mall Level.

MALL LEVEL— GALLERY I 9TH STREET SECTION

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the westerly right-of-way line of 9th Street, (55.781' wide), said point being located at the intersection of said westerly right-of-way line of 9th Street and the southerly right-of-way line of Filbert Street (53.50 feet wide) and extending thence;

1. Crossing the bed of the aforementioned 9th Street, South 78°59'00" East, a distance of 55.781 feet to a point on the easterly right-of-way line of 9th Street; thence,
2. Along said line of 9th Street, South 11°01'00" West, a distance of 306.500 feet to a point in the bed of Market Street, thence,
3. Through the bed of Market Street, North 78°59'00" West, a distance of 55.781 feet; thence,

4. Along the westerly line of 9th Street, North 11°01'00" East, a distance of 306.500 feet to the first mentioned point and place of beginning.

Containing 0.392 acres, more or less.

The above described area beginning at the top of the structural slab of the Mall Level, and extending upwards to the top of the structural slab of the Street Level.

10TH STREET

The Sub-Surface Areas with respect to 10th Street shall consist of the following two areas, but excepting therefrom any and all premises dedicated by the Redevelopment Authority by deed dated June 19, 1980 and recorded as Deed Book EFP 45, Page 283 and by deeds dated July 24, 1974 and recorded in Deed Book DCC 716, Page 141, Deed Book DCC 716, Page 149, Deed Book DCC 716, Page 137.

TRUCK TUNNEL- GALLERY II UNDER NORTH 10TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 10th Street, (55.781' wide), said point being located at the intersection of said easterly right-of-way line of 10th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 10th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 10th Street; thence,
2. Along the said line of 10th Street, North 11°01'00" East, a distance of 217.316 feet; thence,
3. Crossing the right-of-way of 10th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 10th Street; thence,
4. Along said line of 10th Street, South 11°01'00" West, a distance of 217.316 feet to the first mentioned point and place of beginning.

Containing 0.278 ACRES, more or less.

Area is limited in vertical dimension to the space lying between the underside of the foundation and the structural members forming the bottom of the Truck Level, and the top of the structural slab separating the Truck Level from the Mall Level.

MALL LEVEL- GALLERY II UNDER NORTH 10TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 10th Street, (55.781' wide), said point being located at the intersection of said easterly right-of-way line of 10th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 10th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 10th Street; thence,
2. Along the said line of 10th Street, North 11°01'00" East, a distance of 314.107 feet to a point in the bed of Filbert Street; thence,
3. Through the bed of Filbert Street, South 78°59'00" East, a distance of 54.162 feet; thence,
4. Still through the bed of Filbert Street and partially through the bed of 10th Street, South 10°17'18" West, a distance of 9.599 feet; thence,
5. Through the bed of 10th Street, South 78°59'00" East, a distance of 1.497 feet to a point in the easterly right-of-way line of 10th Street; thence,
6. Along said line of 10th Street, South 11°01'00" West, a distance of 304.511 feet to the first mentioned point and place of beginning.

Containing 0.402 acres, more or less.

The above described area beginning at the top of the structural slab of the Mall Level, and extending upwards to the top of the structural slab of the Street Level.

11TH STREET

The Sub-Surface Areas with respect to 11th Street shall consist of the following two areas, but excepting therefrom any and all premises dedicated by the Redevelopment Authority by deed dated June 19, 1980 and recorded in Deed Book EFP 45, Page 279 and by deeds dated March 31, 1982 and recorded as Deed Book EFP 475, Page 86, Deed Book EFP 475, Page 90, and Deed Book EFP 475, Page 94.

MALL LEVEL - GALLERY II UNDER NORTH 11TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 11th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 139.305 feet from the intersection of said easterly right-of-way line of 11th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Partially crossing the right-of-way of 11th Street, North 78°59'00" West, a distance of 25.944 feet; thence,
2. Partially crossing the right-of-way of 11th Street, South 56°01'00" West, a distance of 24.940 feet; thence,
3. Crossing the right-of-way of 11th Street, North 78°59'00" West, a distance of 12.201 feet to a point in the westerly right-of-way line of 11th Street; thence,
4. Along the said line of 11th Street, North 11°01'00" East, a distance of 78.225 feet; thence,
5. Partially crossing the right-of-way of 11th Street, North 58°42'59" East, a distance of 16.469 feet; thence,

6. Crossing the right-of-way of 11th Street, South 78°59'00" East, a distance of 43.599 feet to a point in the easterly right-of-way line of 11th Street; thence,
7. Along said line of 11th Street, South 11°01'00" West, a distance of 71.673 feet to the first mentioned point and place of beginning.

Containing 0.099 acres, more or less.

The above described area beginning at the top of the structural slab of the Mall Level, and extending upwards to the top of the structural slab of the Street Level.

MALL LEVEL - JC PENNEY UNDER NORTH 11TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 11th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 10.988 feet from the intersection of said easterly right-of-way line of 11th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 11th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 11th Street; thence,
2. Along the said line of 11th Street, North 11°01'00" East, a distance of 110.682 feet; thence,
3. Partially crossing the right-of-way of 11th Street, North 78°59'00" East, a distance of 12.201 feet; thence,
4. Partially crossing the right-of-way of 11th Street, North 56°01'00" East, a distance of 24.940 feet; thence
5. Crossing the right-of-way of 11th Street, South 78°59'00" East, a distance of 25.944 feet to a point in the easterly right-of-way line of 11th Street; thence,
6. Along said line of 11th Street, South 11°01'00" West, a distance of 128.317 feet to the first mentioned point and place of beginning.

Containing 0.156 acres, more or less.

The above described area beginning at the top of the structural slab of the Mall Level, and extending upwards to the top of the structural slab of the Street Level.

MARKET STREET

The Sub-Surface Areas with respect to Market Street shall consist of the following four areas:

TRUCK TUNNEL – GALLERY I UNDER MARKET STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the northerly right-of-way line of Market Street (100 feet wide), said point being located North 78°59'00" West, a distance of 50.000 feet from the intersection of the westerly right-of-way line of 9th Street, (55.781' wide) and the northerly right-of-way line of Market Street, and extending thence;

1. Along the northerly right-of-way line of Market Street, South 78°59'00" East, a distance of 144.000 feet to a point; thence,
2. Leaving said line and extending in the bed of Market Street, South 11°01'00" West, a distance of 20.000 feet; thence,
3. North 78°59'00" West, a distance of 144.000 feet; thence,
4. North 11°01'00" East, a distance of 20.000 feet to the first mentioned point and place of beginning.

Containing 0.066 ACRES, more or less.

The above described area being bounded on the top by the top of the structural slab of the Mall Level, and extending downwards to the underside of the foundation & the structural members forming the bottom of the Truck Level.

MALL LEVEL PORTION – GALLERY I UNDER MARKET STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the northerly right-of-way line of Market Street (100 feet wide), said point being located North 78°59'00" West, a distance of 50.000 feet from the intersection of the westerly right-of-way line of 9th Street, (55.781' wide) and the northerly right-of-way line of Market Street, and extending thence;

1. Along the northerly right-of-way line of Market Street, South 78°59'00" East, a distance of 144.000 feet to a point; thence,
2. Leaving said line and extending in the bed of Market Street, South 11°01'00" West, a distance of 20.000 feet; thence,
3. North 78°59'00" West, a distance of 144.000 feet; thence,
4. North 11°01'00" East, a distance of 20.000 feet to the first mentioned point and place of beginning.

Containing 0.066 acres, more or less.

The above described area beginning at the top of the structural slab of the Mall Level, and extending upwards to the top of the structural slab of the Street Level.

MALL LEVEL PORTION – GALLERY I SOUTH OF 833 MARKET STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the northerly right-of-way line of Market Street (100 feet wide), said point being located South 78°59'00" East, a distance of 38.221 feet from the intersection of the easterly right-of-way line of 9th Street (55.781' wide) and the northerly right-of-way line of Market Street, and extending thence;

1. Along the northerly right-of-way line of Market Street, South 78°59'00" East, a distance of 61.455 feet to a point; thence,
2. Leaving said line and extending in the bed of Market Street, South 11°01'00" West, a distance of 20.000 feet; thence,
3. North 78°59'00" West, a distance of 61.455 feet; thence,
4. North 11°01'00" East, a distance of 20.000 feet to the first mentioned point and place of beginning.

Containing 0.028 acres, more or less.

The above described area beginning at the top of the structural slab of the Mall Level, and extending upwards to the top of the structural slab of the Street Level.

MALL LEVEL PORTION – GALLERY I SOUTH OF 801 MARKET STREET SECTION

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the northerly right-of-way line of Market Street (100 feet wide), said point being located North 78°59'00" West, a distance of 29.075 feet from the intersection of the westerly right-of-way line of 8th Street (50.000' wide) and the northerly right-of-way line of Market Street, and extending thence;

1. Though a portion of the bed of Market Street, South 11°01'00" West, a distance of 20.000 feet; thence,
2. North 78°59'00" West, a distance of 43.162 feet; thence,
3. North 11°01'00" East, a distance of 10.644 feet; thence,
4. North 78°59'00" West, a distance of 36.580 feet; thence,
5. South 11°01'00" West, a distance of 10.644 feet; thence,
6. North 78°59'00" West, a distance of 71.420 feet; thence,
7. North 11°01'00" East, a distance of 10.553 feet; thence,
8. North 78°59'00" West, a distance of 37.170 feet; thence,
9. South 11°01'00" West, a distance of 10.553 feet; thence,
10. North 78°59'00" West, a distance of 75.138 feet; thence,
11. North 11°01'00" East, a distance of 20.000 feet to a point on the aforementioned northerly right-of-way line of Market Street; thence,
12. Along said line of Market Street, South 78°59'00" East, a distance of 263.471 feet to the first mentioned point and place of beginning.

Containing 0.103 acres, more or less.

The above described area beginning at the top of the structural slab of the Mall Level, and extending upwards to the top of the structural slab of the Street Level.

EXHIBIT "G"
Aerial Areas

9TH STREET

The Aerial Areas with respect to 9th Street shall consist of the following three areas, but excepting therefrom any and all those premises dedicated by the Redevelopment Authority by deeds dated July 24, 1974 and recorded in Deed Book DCC 716, Page 129 and Deed Book DCC 716, Page 133.

SECOND LEVEL - GALLERY I AERIAL PORTION OVER NORTH 9TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 9th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 66.000 feet from the intersection of said easterly right-of-way line of 9th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 9th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 9th Street; thence,
2. Along the said line of 9th Street, North 11°01'00" East, a distance of 231.500 feet; thence,
3. Crossing the right-of-way of 9th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 9th Street; thence,
4. Along said line of 9th Street, South 11°01'00" West, a distance of 231.500 feet to the first mentioned point and place of beginning.

The above described area beginning at the top of the structural slab of the Second Level, and extending upwards to the top of the structural slab of the Third Level.

Containing 0.296 acres, more or less.

THIRD LEVEL – GALLERY I PORTION NORTH 9TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 9th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 66.000 feet from the intersection of said easterly right-of-way line of 9th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 9th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 9th Street; thence,
2. Along the said line of 9th Street, North 11°01'00" East, a distance of 231.500 feet; thence,
3. Crossing the right-of-way of 9th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 9th Street; thence,

4. Along said line of 9th Street, South 11°01'00" West, a distance of 231.500 feet to the first mentioned point and place of beginning.

The above described area beginning at the top of the structural slab of the Third Level, and extending upwards to the top of the structural slab of the Roof Level.

ROOF LEVEL – GALLERY I NORTH 9TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 9th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 66.000 feet from the intersection of said easterly right-of-way line of 9th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 9th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 9th Street; thence,
2. Along the said line of 9th Street, North 11°01'00" East, a distance of 231.500 feet; thence,
3. Crossing the right-of-way of 9th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 9th Street; thence,
4. Along said line of 9th Street, South 11°01'00" West, a distance of 231.500 feet to the first mentioned point and place of beginning.

Containing 0.296 acres, more or less.

Area is limited in vertical dimension to the space lying between the top of the structural slab of the Roof Level, and a plane of elevation of approximately +107.0 vertical feet, as related to City of Philadelphia vertical datum, said plane of elevation being approximately 20.0 vertical feet above the upper side of the structural members forming the Roof Level.

10TH STREET

The Aerial Areas with respect to 10th Street shall consist of the following three areas, but excepting therefrom any and all however, those premises dedicated by the Redevelopment Authority by deed dated June 19, 1980 and recorded as Deed Book EFP 45, Page 283 and by deeds dated July 24, 1974 and recorded in Deed Book DCC 716, Page 141, Deed Book DCC 716, Page 149, Deed Book DCC 716, Page 137.

SECOND LEVEL - GALLERY II NORTH 10TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 10th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 61.000 feet from the intersection of said

easterly right-of-way line of 10th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 10th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 10th Street; thence,
2. Along the said line of 10th Street, North 11°01'00" East, a distance of 181.500 feet; thence,
3. Crossing the right-of-way of 10th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 10th Street; thence,
4. Along said line of 10th Street, South 11°01'00" West, a distance of 181.500 feet to the first mentioned point and place of beginning.

The above described area beginning at the top of the structural slab of the Second Level, and extending upwards to the top of the structural slab of the Third Level.

Containing 0.232 acres, more or less.

THIRD LEVEL - GALLERY II AERIAL PORTION OVER NORTH 10TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 10th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 61.000 feet from the intersection of said easterly right-of-way line of 10th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 10th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 10th Street; thence,
2. Along the said line of 10th Street, North 11°01'00" East, a distance of 181.500 feet; thence,
3. Crossing the right-of-way of 10th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 10th Street; thence,
4. Along said line of 10th Street, South 11°01'00" West, a distance of 181.500 feet to the first mentioned point and place of beginning.

Containing 0.232 acres, more or less.

The above described area beginning at the top of the structural slab of the Third Level, and extending upwards to the top of the structural slab of the Roof Level.

GALLERY II - ROOF LEVEL AERIAL PORTION OVER NORTH 10TH STREET

All that certain parcel of ground situate in the City of Philadelphia, Commonwealth of Pennsylvania, being more particularly bounded and described as follows;

Beginning at a point on the easterly right-of-way line of 10th Street, (55.781' wide), said point being located North 11°01'00" East, a distance of 61.000 feet from the intersection of said

easterly right-of-way line of 10th Street and the northerly right-of-way line of Market Street (100 feet wide) and extending thence;

1. Crossing the right-of-way of 10th Street, North 78°59'00" West, a distance of 55.781 feet to a point in the westerly right-of-way line of 10th Street; thence,
2. Along the said line of 10th Street, North 11°01'00" East, a distance of 181.500 feet; thence,
3. Crossing the right-of-way of 10th Street, South 78°59'00" East, a distance of 55.781 feet to a point in the easterly right-of-way line of 10th Street; thence,
4. Along said line of 10th Street, South 11°01'00" West, a distance of 181.500 feet to the first mentioned point and place of beginning.

Containing 0.232 acres, more or less.

Area is limited in vertical dimension to the space lying between the underside of the structural members forming the bottom of the Roof Level, and a plane of elevation of approximately +118.0 vertical feet, as related to City of Philadelphia vertical datum, said plane of elevation being approximately 20.0 vertical feet above the upper side of the structural members forming the Roof Level.

Proposed Amendments to Bill No. 150379

Matter added by amendment is in **bold underline**

Matter deleted by amendment is in ~~striketrough~~

**For the convenience of the reader,
please note that all amendments are on page 3 of this document**

Amending Section 14-502 of The Philadelphia Code, entitled “/CTR, Center City Overlay,” by adding a new subsection entitled “Market Street East Retail Area,” relating to accessory signs; amending Section 14-906, entitled “Market Street East Sign Regulations,” relating to accessory and non-accessory signs; and making related changes, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 14 of The Philadelphia Code is hereby amended to read as follows:

TITLE 14. ZONING AND PLANNING

* * *

CHAPTER 14-200. DEFINITIONS

* * *

§14-202. Rules of Measurement.

* * *

(21.1) 3rd Floor Window Sill.

This measurement shall be based on the 3rd floor of a building that is fully above grade plane, not measured as including basement, cellar, or other space below grade plane.

* * *

CHAPTER 14-500. OVERLAY ZONING DISTRICTS

* * *

§14-502. /CTR, Center City Overlay

* * *

(2) Applicability.

* * *

(b) Area Boundaries.

The standards and regulations of this section apply to the areas within the /CTR Overlay district set forth as follows:

* * *

(.28) Market Street East Retail Area.

The Market Street East Retail Area is bounded by Market Street, 8th Street, Filbert Street, and 11th Street.

* * *

(d) /CTR Summary Table.

Table 14-502-1, below, summarizes the standards and regulations of this § 14-502 (/CTR, Center City Overlay). In the event of conflict between the provisions of Table 14-502-1 and the text of this Zoning Code, the text shall govern.

* * *

Table 14-502-1: /CTR Summary Table

Area	Height Controls	Setback/ Build-To Controls	Supplemental Use Controls	Parking & Loading Controls	Sign Controls	Special Review Controls
* * *						
Market Street Area				§ 14-502(6)(a); § 14-502(6)(c)		
East			§ 14-502(5)			§ 14-502(8)(a)
West		§ 14-502(4)(a)				
Market Street East Retail Area					§ 14-502(7)(m)	
Minimum Building Height Area	§ 14-502(3)(j)					
* * *						

* * *

(7) Sign Regulations.

* * *

(m) Market Street East Retail Area.

Notwithstanding the provisions of Table 14-904-1, the provisions of this § 14-502(7)(m) shall apply to accessory wall signs, accessory projecting signs, and accessory marquee signs in the Market Street East Retail Area, unless otherwise permitted by § 14-906 (Market Street East Sign Regulations).

(.1) Sign Area.

The maximum sign area for a building or several interconnected buildings shall be determined based on the frontage of the building or interconnected buildings. The area of signage allowed for a building or interconnected buildings may be combined and placed on a single frontage or multiple frontages provided:

- (a) The maximum sign area for the ground floor shall be 2 sq. ft. per linear foot of ground floor frontage.
- (b) The maximum sign area for the 2nd floor shall be 0.5 sq. ft. per linear foot of ground floor frontage, provided:
 - (i) Signs shall only be along the Market Street frontage or within 80 ft. of the street line of Market Street and;
 - (ii) Signs shall only be above a window and shall not exceed the width of the window by more than 1 ft. on either or both sides.
- (c) The maximum sign area above the 2nd floor shall be 2 sq. ft. per linear foot of ground floor frontage, provided that no portion of any sign shall be more than 50 ft. from the nearest intersection of two streets, except ~~that signs that:~~
 - (i) Signs along the frontage of Market Street between 9th Street and 10th Street may be:
 - ~~(i) Located~~ be located up to 200 ft. from 9th Street if an edge of each sign is no more than 100 ft. from 9th Street; and
 - ~~(ii) Located may be located~~ up to 125 ft. from 10th Street, if an edge of each sign is no more than 20 ft. from 10th Street. Street; and
 - (ii) Signs along the frontage of Market Street between 8th Street and 9th Street may be located up to 100 ft. from 9th Street.

(.2) Sign Height.

- (a) The maximum height of any sign on the ground floor shall be the 2nd floor window sill of the respective building frontage (or no more than 3 ft. above

the floor line of the 2nd floor if there is no window) provided no sign shall extend above the roof line. Any sign below the 2nd floor window sill (or less than 3 ft. above the floor line of the 2nd floor if there is no window) shall be considered a ground floor sign.

(b) The maximum height of any sign on the 2nd floor shall be the 3rd floor window sill of the respective building frontage (or no more than 3 ft. above the floor line of the 3rd floor if there is no window) provided no sign shall extend above the roof line. Any sign below the 3rd floor window sill (or less than 3 ft. above the floor line of the 3rd floor if there is no window) shall be considered a 2nd floor sign.

(c) The maximum height of any sign above the 2nd floor shall not extend above the roof line of the respective building frontage.

(.3) Sign Size.

(a) The maximum size of each sign located on the ground floor or 2nd floor shall be 150 sq. ft.

(b) The maximum size of each sign above the 2nd floor shall be 500 sq. ft, except one 600 sq. ft. sign may be permitted along the frontage of Market Street between 9th Street and 10th Street.

(.4) Signs on Portions of a Building over a Street.

Signs may be located on any frontage of a portion of a building that is located over a street, provided signs meet all other applicable sign requirements of the respective floor to which that portion of the building connects. Such signs shall count toward the maximum sign area for that respective floor as provided in § 14-502(7)(m)(.1) (Sign Area). This subsection does not eliminate the need for any applicable sign approval, including an authorizing ordinance, that is otherwise required to authorize a projection or encroachment over a street on the City Plan.

* * *

CHAPTER 14-900. SIGNS

* * *

§14-904. Accessory Sign Controls.

* * *

(1) Controls that Apply to All Zoning Districts.

* * *

(h) **Wall Sign.**

Unless otherwise provided by this Zoning Code, wall signs shall not extend above the roof line or the 2nd floor window sill of a structure, whichever is lower.

* * *

§14-906. Market Street East Sign Regulations.

* * *

(2) **Applicability.**

The provisions of this § 14-906 (Market Street East Sign Regulations) apply to accessory and non-accessory signs *not otherwise permitted by this Zoning Code and* located in the Market Street East Advertising District, subject to all of the following:

* * *

(3) **Sign Regulations.**

* * *

- (b) Signs shall not exceed 1,600 sq. ft. per sign face. The total aggregate sign area on any property, excluding any accessory sign area that would be permitted under Table 14-904-1 or § 14-502(7)(m) (*Market Street East Retail Area*), shall not exceed 24 times the property's linear footage along Market Street.

* * *

(5) **Limitations.**

- (a) For any individual property:

* * *

- (.2) [The provisions of subsection (3), above, shall expire 20 years after the Commission issues its certification for such property under subsection (4)(c), above. The receipt of gross proceeds from the erection or maintenance of signs on the property in excess of the cost of the improvements required by subsection (2)(a), above, shall not cause the authorization to expire sooner] *Reserved*.

* * *

- (.5) Upon [expiration of the time period set forth in subsection (.2), above, or upon] failure to comply with the provisions of subsections (.3), or (.4) above, the owner

of the property shall remove any sign authorized by this § 14-906 (Market Street East Sign Regulations), or, if the owner fails to do so, the Department may remove such sign and shall place a lien on the property for the costs of removal.

* * *

(b) Reserved

* * *

(7) Sunset Provision.

The provisions of this § 14-906 (Market East Sign Regulations) shall expire July 19, 2031. Lawfully permitted signs in existence on July 19, 2031, to the extent not authorized by any provision of this Zoning Code other than this § 14-906, shall be deemed nonconforming and may be maintained as nonconforming signs pursuant to § 14-305 (Nonconformities).

* * *

SECTION 2. This Ordinance shall become effective immediately.

..End

Proposed Amendments to Bill No. 150380

1. Add a new Section 7 to the Bill as follows:

SECTION 7. Creation of the District pursuant to this ordinance is conditioned upon the commitment of the Pennsylvania Real Estate Investment Trust and The Macerich Company in any agreement with the City necessary to carry out the Project Plan that they shall, for the life of the District and for five years thereafter:

- (1) provide their employees whose work arises out of the existence of the redeveloped Gallery at Market East with the pay and benefits applicable to covered employees under Chapter 17-1300 of The Philadelphia Code;
- (2) require any of their service contractors, or subcontractors of such service contractors, who provide services within the District who would be deemed "Employers" under Chapter 17-1300 if they were City contractors to provide their employees whose work arises out of the existence of the redeveloped Gallery at Market East with the pay and benefits applicable to covered employees under Chapter 17-1300; and
- (3) require any subsequent owner of any portion of the property in the District to commit, for the life of the District and for five years thereafter, to the requirements of subsections (1) and (2).

2. Amend Exhibit "A" to the Bill, "Gallery at Market East Tax Increment Financing District Project Plan," by amending Part IV ("Method and Timing of Financing"), paragraph (C) ("Authorized Tax Increments") on pages 7 and 8 of the Project Plan as follows (deletions in ~~Strikethrough~~; additions in **Bold**):

- (C) *Authorized Tax Increments*: Incremental increases in Real Estate, City Sales, and Business Privilege Taxes are hereby authorized to fund Eligible Project Costs as described below ("Tax Increments").

1. Real Estate taxes:

a) *Base*: ~~All real estate (property) tax revenue collected each year during the term of the District up to the amount of the Real Estate Tax Base, which amount has been~~
The full aggregate market value of the taxable property in the district determined by the ~~Philadelphia Finance Director based on the millage rate as of the District's creation date, and determination of the Office of Property Assessment of the assessed value of all taxable land and improvements in the District as of the date on which the~~

~~district is created. District's creation date, to be \$1,507,500, which amount shall constitute the Real Estate Tax Base and each year shall inure to the benefit of the City and School District in accordance with the Act.~~

b) *Increment:* The **annual** Real Estate Tax Increment shall mean all incremental ~~increases in real estate tax revenues resulting from an increase in the total market value of taxable real property situated in the district over the Real Estate Tax Base collected each year until termination of the District.~~ **Base amount.** The Real Estate Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act. Such Real Estate Tax Increment may result either from an increased assessment of the ~~Project~~ **property in the district or an increased millage rate as applied to the portion of the market value of the property in excess of the Base amount.**

2. City Sales taxes:

a) *Base:* All City sales tax revenue collected each year during the term of the District up to the City Sales Tax Base, which amount has been determined by the Philadelphia Finance Director based on the retail sales in the District to be \$568,876 as of the District's creation date, shall constitute the City Sales Tax Base and each year shall inure to the benefit of the City in accordance with the Act.

b) *Increment:* The City Sales Tax Increment shall mean incremental increases in sales tax revenue over the City Sales Tax Base derived from a 1% tax rate collected each year until termination of the District. The City Sales Tax Increment each year shall be eligible under the Act and is hereby authorized to fund Eligible Project Costs in accordance with the Act. City Sales Tax revenues in excess of amounts derived from the 1% rate shall inure to the benefit of the City, City Pension Fund or School District in accordance with existing law.

3. Business Income and Receipt Taxes:

a) *Base:* All Business Income and Receipt Tax revenue collected each year during the term of the District up to the Business ~~Privilege Income and Receipts~~ Tax Base, which amount has been determined by the Philadelphia Finance Director based on taxable business revenue in the District to be \$85,981 as of the District's creation date, shall constitute the Business ~~Privilege Income and Receipts~~ Tax Base and each year shall inure to the benefit of the City in accordance with the Act.

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

3. Amend Exhibit “A” to the Bill, “Gallery at Market East Tax Increment Financing District Project Plan,” by replacing the attachment to Exhibit “A” entitled “City of Philadelphia Economic Opportunity Plan Gallery Redevelopment Project” with the version of such document attached hereto.

City of Philadelphia Economic Opportunity Plan

Gallery Redevelopment Project

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I. Introduction and Definitions

The City of Philadelphia strongly encourages the use of certified Minority ("MBE"), Women ("WBE"), Disabled ("DSBE") and Disadvantaged¹ ("DBEs") Business Enterprises (collectively, "M/W/DSBEs") and minority and female workers in all aspects of **GALLERY REDEVELOPMENT PROJECT** located between **8th Street, 11th Street, Filbert Street, and Market Street** which may include financial investment, design, construction and operations. In support of this objective, the City of Philadelphia will require that **Pennsylvania Real Estate Investment Trust - PREIT** (the "Owner") of the Project commit to this Economic Opportunity Plan ("EOP" or "Plan"). This Plan contains ranges of projected M/W/DSBE utilization and goals for the employment of minority and female workers in connection with the Project at the Site. This Plan shall be a part of and incorporated into the resulting agreement(s) with the owners of the **GALLERY REDEVELOPMENT PROJECT**.

The Owner hereby verifies that all information submitted to the Office of Economic Opportunity ("OEO") in response to this Plan, is true and correct and take notice that the submission of false information is subject to the penalties of 18 PA C. S. Section 4904, relating to unsworn falsification to authorities and 18 PA C. S. Section 4107.2 (a)(4), relating to fraud in connection with minority business enterprises or women's business enterprises.

For the purposes of this Plan, MBE, WBE, DBE and DSBE shall refer to certified businesses so recognized by OEO. Only the work or supply effort of firms that are certified as M/W/DSBEs by an OEO approved certifying agency² will be eligible to receive credit as a Best and Good Faith Effort. In order to be counted, certified firms must successfully complete and submit to the OEO an application to be included in the OEO Registry which is a list of registered M/W/DSBEs maintained by the OEO and available online at www.phila.gov/oeo/directory.

For this Plan, the term "Best and Good Faith Efforts," the sufficiency of which shall be in the sole determination of the City, means: efforts, the scope, intensity and appropriateness of which are designed and performed to foster meaningful and representative opportunities for participation by M/W/DSBEs and an appropriately diverse workforce and to achieve the objectives herein stated. Best and Good Faith Efforts are rebuttably presumed met when commitments are made within the M/W/DSBE participation ranges established for the improvements and a commitment is made to employ a diverse workforce as enumerated herein.

II. Project Scope.

The Project includes redevelopment of substantial portions of the Gallery, 801 Market Street and 907 Market Street. Features include, but are not limited to:

- Common area improvements
- New retail space construction
- New street level openings on Market Street for retail use
- New restaurants inside the Gallery and along Market Street

¹ Disadvantaged Business Enterprises ("DBEs") are those socially or economically disadvantaged minority and woman owned businesses certified under 49 C.F.R. Part 26.

² A list of "OEO approved certifying agencies" can be found at www.phila.gov/oeo

- New gateway façade and landmark identification at 10th & Market
- Installation of a food market at former Strawbridge's site at 801 Market Street

III. Goals.

A. M/W/DSBE Participation Ranges.

As a benchmark for the expression of "Best and Good Faith Efforts" to provide meaningful and representative opportunities for M/W/DSBEs in the Project, the following participation ranges have been established. These participation ranges represent, in the absence of discrimination in the solicitation and selection of M/W/DSBEs, the percentage of MBE, WBE and DSBE participation that is reasonably attainable through the exercise of Best and Good Faith Efforts. These percentages relate to the good faith estimated cost of the entire Project. In order to maximize opportunities for as many businesses as possible, a firm that is certified in two or more categories (e.g., MBE and WBE and DSBE or WBE and DSBE) will only be credited toward one participation range as either an MBE or WBE or DSBE. The ranges are based upon an analysis of factors such as the size and scope of the improvements and the availability of MBEs, WBEs, DSBEs and DBEs to participate in this development.

The following contract goals have been set for the Project:

Contracts	Minority Owned	Female Owned	DSBEs	Total
Professional Services	15-20%	10-15%	BGFE	25-35%
Construction	25-30%	5-10%	BGFE	30-40%

The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

The owner agrees to meet the obligations of the First Source agreement for this project.

B. Employment Goals.

The following Construction contract goals have been set for the Project:

Local Residents
35%

The owner agrees to exhaust Best and Good Faith Efforts to employ minority persons and females in its workforce of apprentices and journeymen at the following levels³:

- Minority Apprentices - 50% of all hours worked by all apprentices.
- Minority Journeymen - 32% of all journey hours worked across all trades.
- Female Apprentices - 7% of all hours worked by all apprentices.
- Female Journeypersons – 2% of all hours worked across all trades.

IV. Equity Ownership

“Economic Opportunity Plans,” to require that each Economic Opportunity Plan include information concerning the Equity Ownership (as defined) of (1) the contractor, developer and/or recipient of financial assistance required to submit the Plan; (2) participants (as defined) engaged by the contractor, developer and/or recipient of financial assistance; and (3) the eventual owner or owners of the project or contract to which the Plan relates; and requiring periodic reports for the purpose of updating Equity Ownership information; all under certain terms and conditions.

Identify the current equity owners of the project.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

If the project is privately owned, the following individuals will become the anticipated Equity Owners upon completion.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

Following the completion of the project, the project owner is responsible for meeting the reporting guideline identified in the Philadelphia Code.⁴

³ These goals, which have been adopted by the Economic Opportunity Cabinet, are the recommendations of the Mayor's Commission on Construction Industry Diversity

⁴ Philadelphia Code 17-1603.

V. Diversity Practices

In compliance with Chapter 17-1603 entitled Equal Opportunity Plan: Contents of The Economic Opportunity Plan shall contain a statement from the contractor, developer and/or recipient of financial assistance summarizing past practices by identifying and describing examples of processes used to develop diversity at any/all levels of its organization including, but not limited to, Board and managerial positions. This statement shall also summarize strategic business plans specific to current or past practices of M/W/DSBE utilization on government and non-government projects and procurement. Where appropriate, such a statement should contain:

1. Describe employment and recruitment policies used to achieve diversity in your workforce.

The Company is committed to equal employment opportunity and to attracting and retaining the most qualified employees, regardless of race, color, national origin, ancestry, citizenship, religion, creed, sex, sexual orientation, marital status, familial status, domestic partnership status, age, physical or mental disability, military status, veteran status, genetic information or family medical history, or other characteristic or activity protected by federal, state, or local law ("Protected Status").

2. Provide the race, gender, and residential (local) status of your:

A. Directors	14% are Women 43% reside in Philadelphia
B. Management	7% are African American 33% are Women 24% reside in Philadelphia
C. General Workforce	18% are African American 9% are Hispanic or Latino 4% are Asian or Pacific Islander 61% are Women 43% reside in Philadelphia

3. Identify your organization's methods of solicitation and utilization of Minority, Woman and Disabled Businesses (M/W/DSBEs). Please be specific in describing outreach and any procurement policies that are focused on creating or sustaining business relationships with M/W/DSBEs.

As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

4. What percentage of your company's total spend with vendors and suppliers is attributable to M/W/DSBEs? Please include a list of the largest M/W/DSBEs used by your organization in the last 12 months.

A. Identify the type of goods or services purchased.	n/a
--	-----

B. Amount of the contract.	n/a
C. Indicate if any of these M/W/DSBEs are listed in the City of Philadelphia's Office of Economic Opportunity Registry.	n/a
D. Are these companies certified as M/W/DSBEs? Do you rely on any particular certifying agency?	n/a
E. If there is no previous M/W/DSBE utilization, the Plan shall contain a statement that explains the reason for the lack of M/W/DSBE participation in past contract(s) or project(s).	As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

5. Describe any initiatives made by your organization to increase investment and promote equity ownership by minorities and women.

PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

VI. Responsiveness

A. The owner shall identify M/W/DSBE commitments and other agreements evidencing their intent to use Best and Good Faith efforts to employ minority persons and females at the levels stated herein on the form entitled "M/W/DSBE Participation and Workforce Commitments." The identified commitments on this form constitute a representation that the M/W/DSBE is capable of providing commercially useful goods or services relevant to the commitments and that the Owner has entered into legally binding commitments or other legally binding agreements with the listed M/W/DSBEs for the work or supply effort described and the dollar/percentage amounts set forth on the form. In calculating the percentage of M/W/DSBE participation, the standard mathematical rules apply in rounding off numbers. In the event of inconsistency between the dollar and percentage amounts listed on the form, the percentage will govern.

B. M/W/DSBE commitments are to be memorialized in a written subcontract agreement. Letters of intent, quotations, contracts, subcontracts and any other documents evidencing commitments with M/W/DSBEs, including the M/W/DSBE Participation and Workforce Commitments Form, become part of and an exhibit to the Agreement resulting from the RFP.

C. OEO will review the owner's commitments for the purpose of determining whether Best and Good Faith Efforts have been made. OEO reserves the right to request further documentation and/or clarifying information at any time during the construction and development of the Project.

VII. Compliance and Monitoring of Best and Good Faith Efforts.

A. The owner agrees to cooperate with OEO in its compliance monitoring efforts, and to submit, upon the request of OEO, documentation relative to its implementation of the Plan, including the items described below:

- Copies of signed contracts and purchase orders with M/W/DSBE subcontractors
- Evidence of payments (cancelled checks, invoices, etc.) to subcontractors and suppliers to verify participation; and
- Telephone logs and correspondence relating to M/W/DSBE commitments.
- To the extent required by law, the Owner shall ensure that its on-site contractors maintain certified payrolls which include a breakout of hours worked by minority and female apprentices and journeypersons. These documents are subject to inspection by OEO.

B. Prompt Payment of M/W/DSBEs.

The owner agrees and shall cause its contractors to ensure that M/W/DSBEs participating on the Project receive prompt payment for their work or supply effort within five (5) days after receipt of payment from the project owner.

C. Oversight Committee.

For this Project, in the sole discretion of the City, an oversight committee may be established consisting of representatives from [the Owner], representatives of the building trades, the construction manager, the City which may include the Project site's district councilperson, OEO, and appropriate community organizations ("Committee"). The Committee will meet regularly to provide advice for the purpose of facilitating compliance with the Plan.

D. Reporting.

The owner agrees to file an annual report with the City of Philadelphia and City Council concerning the performance of the Economic Opportunity Plan through the duration of the Project. In addition, during construction, the Owner will provide "snapshot" reports containing updates for certain categories of information contained in its annual report on a monthly basis during construction. Snapshot reporting will include: (i) utilization of M/W/DSBEs and/or DBEs, and (ii) the hiring and employment of minorities and females. All reports (quarterly & annually) provided to the City under this section will also be provided to the Office of Economic Opportunity.

VIII. Remedies and Penalties for Non-Compliance.

A. The owner agrees that its compliance with the requirements of this Plan is material to the Agreement. Failure to comply with the Plan may constitute a substantial breach of the Agreement and is subject to the remedies and penalties contained therein or otherwise available

at law or in equity. Notwithstanding the foregoing, no privity of contract exists between the City and any M/W/DSBE identified in any contract resulting from implementation of the Plan. Neither the Owner nor the City intends to give or confer upon any such M/W/DSBE any legal rights or remedies in connection with subcontracted services under any law or policy or by any reason of any contract resulting from implementation of the Plan except such rights or remedies that the M/W/DSBE may seek as a private cause of action under any legally binding contract to which it may be a party.

IX. Post-Construction Opportunities

PREIT, through a combination of reduced rent, tenant improvements, and professional services will support the following initiatives:

Home Grown Retail Development Pilot

PREIT will develop a public solicitation for proposals from independently owned Philadelphia retailers interested in leasing space within the Project. PREIT's specialty leasing group will lead this initiative. Space considerations could include kiosks, carts, and fixed interior locations. The categories of desired retailers will be determined as PREIT nears completion of its merchandising and leasing plan. PREIT will encourage applicants who have demonstrated successful management of smaller scale retail operations to apply for consideration.

Selected retailers will participate in a professional development program. Under this pilot program, PREIT will provide the following professional mentoring services:

- Basic operations financial modeling, including capital needs and operations budget
- Introductory marketing plan
- Product placement and point of sale advice
- Employee management seminar
- Periodic review of expansion plans, when appropriate

PREIT will provide kiosk owners operating in the Gallery during 2014 a right of first offer to relocate back into the Gallery once the reconstruction has been completed and will provide these kiosk owners with the professional mentoring and technical assistance services of PREIT's Home Grown Retail Development Pilot.

Food and Beverage Minority Entrepreneur Initiative

The new merchandising plan for the Project features venues for specialty prepared foods in an expanded floor plate concept. PREIT will identify food concepts which complement the broader merchandising plan and select targeted concepts for placement. PREIT will reserve specialty food space for placement of Philadelphia minority food vendors drawn from the following pool of candidates:

- The Center for Culinary Enterprises at the Enterprise Center
- The Philadelphia branch of The Network for Teaching Entrepreneurship
- Other local neighborhood retailer associations identified by the Office of Economic Opportunity

Retail Employment - Local Residents

PREIT completed a survey of the Gallery tenants to determine the residency of employees. The survey revealed that 483 of the 737 (65.5%) of employees reside in Philadelphia. The current tenants conducted their own employee recruitment and hiring. PREIT expects that future tenants will continue that practice. PREIT will notify current and prospective tenants that PREIT and the City share the goal of promoting the hiring of Philadelphia residents at the Gallery and will utilize the Philadelphia Workforce Development Agency to identify potential local employee pools.

Retail Employment - Youth

PREIT, in cooperation with its tenants, will develop a youth employment recruitment program that will provide Philadelphia area high school students with part-time and full-time positions at the Gallery. PREIT will coordinate through the proper agency to accomplish programs for Hotel, Restaurant, Travel, and Tourism and Business and Technology to expand the curriculum to include retail support training to ensure an adequate candidate pool. A publicized Job Fair will also be scheduled in coordination with the construction phasing. Finally, PREIT will encourage tenants to hire successful high school graduates in a full time capacity.

PREIT has set a goal of 25-30%M/W/DSBE for the Home Grown Retail program. The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

Christopher Mrozinski

6.1.15

Christopher Mrozinski⁵

Date

Vice President of Development

PREIT Services LLC on behalf of Owner

Pennsylvania Real Estate Investment Trust - PREIT

Angela Dowd-Burton

6/1/2015

Angela Dowd-Burton⁶

Date

Executive Director

City of Philadelphia

⁵ The Owner's Representative is required to sign and date, but the City reserves the right to obtain the Owner's Representative signature thereon at any time prior to Plan certification. The Owner Representative will receive from the City a certified copy of its Plan which should be filed with the Chief Clerk of City Council within fifteen (15) days of the issuance and published by OEO, in a downloadable format, on the OEO website.

⁶ Pursuant to Section 17-1603 (2) of The Philadelphia Code, the representative of the City of Philadelphia's Office of Economic Opportunity, the "certifying agency", certifies that the contents of this Plan are in compliance with Chapter 17-1600.

**FIRST SOURCE EMPLOYMENT AGREEMENT
GALLERY MALL**

THIS FIRST SOURCE EMPLOYMENT AGREEMENT (this “**Agreement**”) is made this ____ day of _____, 2015 (the “**Effective Date**”) between **THE CITY OF PHILADELPHIA**, a municipal corporation and body politic organized and existing under the laws of the Commonwealth of Pennsylvania (the “**City**”), acting through its Department of Commerce (the “**Department**”) and PR Gallery I Limited Partnership, a Pennsylvania limited partnership (the “**Beneficiary**”).

Background

A. The Beneficiary is redeveloping the properties located on the north side of Market Street between 8th and 11th Streets commonly known as the Gallery Mall, including, without limitation, the construction and maintenance of an integrated public access area at the street and lower levels of the Gallery Mall and 801 Market Street to allow convenient access to the regional transportation hub beneath and adjacent to the Gallery Mall (collectively, the “**Entire Redevelopment Project**”).

B. The City is facilitating the Entire Redevelopment Project through the provision to the Beneficiary of the following Financial Assistance (defined below), of which the Beneficiary is a recipient: (1) tax increment financing; and (2) City grant funds, each as more fully described in the agreements listed in **Exhibit A** to this Agreement, attached and made a part hereof,

C. Chapter 17-2000 of The Philadelphia Code (the “**Code**”) requires that the City enter into a First Source Employment Agreement with the Beneficiary as a condition for the Beneficiary’s receipt of the City’s Financial Assistance, requiring the Beneficiary to use the First Source Registry (defined below) as its initial source for obtaining candidates for all New, Entry-Level Jobs (defined below) created directly or indirectly as a result of such Financial Assistance, subject to the below terms and conditions.

D. The Department is the “Designated Department” designated by the Mayor under §17-2000 of the Code to be responsible for the overall implementation and enforcement of Chapter 17-2000 of the Code.

E. The Beneficiary acknowledges that this Agreement and the Beneficiary’s compliance with Chapter 17-2000 of the Code are material inducements for the City’s grant of Financial Assistance to the Beneficiary.

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth, with the intention of being legally bound hereby, the parties hereto agree as follows:

1. **Background.** The Background set forth above is incorporated by reference herein.

2. Definitions.

a. **“Applicable Law(s)”** means all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, as may be amended from time to time, including without limitation, The City of Philadelphia Home Rule Charter, The Philadelphia Code (including, without limitation, Chapter 17-2000 thereof), and the Americans With Disabilities Act of 1990, P.L. Section 101-336, generally codified at 42 U.S.C. § 1201 et seq.

b. **“City-related Agency”** means all authorities and quasi-public corporations which either: (i) receive appropriations from the City; (ii) have entered into continuing contractual or cooperative relationships with the City; or (iii) operate under legal authority granted to them by City ordinance.

c. **“Community Referral Agency”** means any organized job registry or employment referral organization operated by a nonprofit organization or union approved by the City as satisfying the following requirements: (i) the agency has established a community membership base and record of conducting outreach to low and moderate income neighborhoods in Philadelphia; and (ii) the agency has a track record of nondiscriminatory employment referral and job placement with respect to race, color, religion, national origin, gender, gender orientation, age, marital or family status, or disability unrelated to job ability. As of the Effective Date, the Community Referral Agency is Philadelphia Works, Inc., a non-profit corporation with a place of business at One Penn Center at Suburban Station 1617 JFK Boulevard, 13th Floor, Philadelphia PA 19103, or such organization as the City may designate from time to time in its discretion.

d. **“Entry-level Job(s)”** means work that requires little to no formal vocational training, education or prior experience in the field or profession beyond on-the-job training.

e. **“Financial Assistance”** means any grant, loan, incentive or abatement subject to City Council approval in the amount of twenty-five thousand dollars (\$25,000.00) or more that is provided to the Beneficiary with the authority or approval of the City or a City-related Agency, including but not limited to, bond financing subsidies, Tax Increment Financing (TIF) aid, industrial development bonds, use of the power of eminent domain, Community Development Block Grant (CDBG) loans or grants, airport revenue bonds, Enterprise Zone designations, and aid from the Philadelphia Works, Inc. (successor to the Philadelphia Workforce Development Corporation) or other similar agencies.

f. **“First Source Candidate(s)”** means an individual on the First Source Registry who meets the minimum qualifications and requirements of an Entry-level Job.

g. **“First Source Period”** means a period of ten (10) business days following notice by the Beneficiary to the Department or, if directed by the Department, to the Community Referral Agency of New, Entry-level Jobs projected or created as a direct or indirect result of Financial Assistance.

h. **“First Source Registry”** means a listing of Philadelphia residents compiled and maintained by the Department or the Community Referral Agency on behalf of the Department for the purpose of employment referrals, including but not limited to the Commonwealth of Pennsylvania Department of Labor and Industry’s Commonwealth Workforce Development System.

i. **“Good Faith Efforts”** means documentation submitted by the Beneficiary to the Department or if directed by the Department, to the Community Referral Agency which includes the following:

- (i) Timely, written notification projecting New, Entry-level Jobs;
- (ii) Written description of specific job qualifications and the minimum requirements for each New, Entry-Level Job;
- (iii) Written verification of compliance with the First Source Period timetable as provided in Section 17-2006(2) of the Code;
- (iv) Timely, written notification of the First Source Candidates that were either contacted, interviewed, hired or rejected; and
- (v) Such other information as the Department may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

j. **“Lease”** That certain Amended and Lease and Redevelopment Agreement dated ____ by and between Philadelphia Redevelopment Authority (as Landlord) and Beneficiary (as Tenant) with respect to certain property commonly known as Gallery I.

k. **New, Entry-Level Job(s)**” means all newly created Entry-Level Jobs, but excluding vacancies in New, Entry-level Jobs where such vacancies occur 45 consecutive days or more after the Beneficiary’s Good Faith Efforts to fill the same New, Entry-Level Job.

3. **Term.** The term of this Agreement (the **“Term”**) shall begin on the Effective Date and expires upon the two (2) year anniversary of Beneficiary’s completion, in accordance with the terms of the Lease, of the **“Entire Redevelopment Project”** (as defined in the Lease).

4. **Beneficiary’s Obligations.** The Beneficiary shall make and evidence Good Faith Efforts to fill 100 percent of New, Entry-level Jobs created directly or indirectly as result of Financial Assistance with First Source Candidates in accordance with the terms of this Agreement and Chapter 17-2000 of the Code. Following expiration of the First Source Period, the Beneficiary may fill New, Entry-level Jobs from other sources. For each New, Entry-level Job created directly or indirectly from the City’s Financial Assistance the Beneficiary shall:

a. Notify the Department or, if directed by the Department, the Community Referral Agency of New, Entry-Level Jobs and shall include in such notifications a general description of the job and the minimum requirements for qualified job applicants.

b. Not make any public announcement or advertisement of any New, Entry-Level Job created directly or indirectly as a result of the Financial Assistance during the First Source Period; provided, however, that the Department may waive the First Source Period only if the Beneficiary demonstrates to the satisfaction of the Department that a New, Entry-Level Job will be filled by the transfer or promotion of the Beneficiary's existing or former employee.

c. Accept from the Department or, if directed by the Department, the Community Referral Agency a list of First Source Candidates from the First Source Registry as referrals for employment, unless there are no First Source Candidates for the specific job.

d. Maintain records and submit to the Department or, if directed by the Department, the Community Referral Agency reports containing the following information on a quarterly basis for each of the three (3) month periods ending on March 31, June 30, September 30 and December 31, in the form specified by the Department in its sole discretion, each such report being due to the Department or, if directed by the Department, the Community Referral Agency within seven (7) days following the end of each quarterly reporting period:

- i. The number of New, Entry-Level Jobs covered by this Agreement;
- ii. The number of First Source Candidates and other City residents interviewed;
- iii. The number of First Source Candidates and other City residents employed; and

iv. Such additional information as the Department or, if directed by the Department, the Community Referral Agency may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

e. Use Good Faith Efforts to hire First Source Candidate(s) referred to the Beneficiary from the First Source Jobs Registry, provided, however, that the Beneficiary shall not be required to hire any First Source Candidate(s).

f. Insert in its contracts with contractors and leases with tenants provisions requiring, as applicable, such contractors (as to themselves and their subcontractors) and tenants (as to themselves and their subtenants) to comply with (i) the Sections 4(a)-(e) above and Sections 10(a)-(b) below to the extent to which New, Entry-level Jobs are created directly or indirectly with such contractors, subcontractors, tenants and subtenants as a result of Financial Assistance hereunder, and (ii) to permit the audit of their affairs as provided in Section 14 below. The requirement that contractors (and their subcontractors) and tenants (and their subtenants) comply with the provisions of this Section 4(f) is herein defined as the **"Pushdown Provisions."** Beneficiary shall use reasonable and good faith efforts to enforce the Pushdown Provisions. If Beneficiary uses such reasonable and good faith efforts to enforce the Pushdown Provisions, Beneficiary shall not be in default of this Agreement due to the failure of any contractor, subcontractor, tenant or subtenant to comply with the Pushdown Provisions.

5. Indemnification.

a. The Beneficiary shall indemnify, defend and hold harmless the City, and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each an **"Indemnified Party"**; collectively, the **"Indemnified Parties"**), whether or not the Indemnified Parties or any other person or entity whatsoever, shall have been negligent, from and against any and all losses, claims, suits, administrative or enforcement actions, public or private cost recovery actions, demands, liabilities, fines (civil or criminal) damages and/or expenses (including, without limitation, legal fees and court costs), at law or in equity, which may be imposed upon or incurred by or asserted against any of them by reason, in whole or in part, of (i) any failure on the part of the Beneficiary, its officers, directors, shareholders, employees or agents to keep, observe or perform any of the provisions contained in this Agreement; or (ii) in the performance of this agreement, any violation or alleged violation of Applicable Law by the Beneficiary, its officers, directors, shareholders, employees or agents.

b. In the event any action or proceeding is brought against an Indemnified Party for which the Beneficiary has indemnified the Indemnified Party, the Beneficiary shall, upon written notice from the Indemnified Party, resist or defend such claim at the Beneficiary's sole cost and expense (including without limitation, legal and experts' fees, and litigation costs), and resist or defend such action or proceeding by counsel approved by each Indemnified Party in writing, provided that each Indemnified Party may, if it so desires, engage at its sole expense its own counsel to participate in the defense of any such claim.

c. Without limiting the generality of Section 16 below, the provisions of this Section 5 shall survive expiration of the Term or earlier termination of this Agreement.

6. Release. In consideration of the terms, covenants and conditions of this Agreement, the Beneficiary does hereby remise, quitclaim, release and forever discharge, and by these presents does for the Beneficiary's successors and assigns, and the Beneficiary's officers, directors, shareholders, employees, agents, and any person claiming under or through any of them (each a **"Releasor"**; collectively, the **"Releasors"**), hereby remise, quitclaim, release and forever discharge the City and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each a **"Releasee"**; collectively, the **"Releasees"**) from any and all, and all manner of, actions and causes of action, suits, claims and demands whatsoever at law or in equity which any or all Releasors may have against any or all Releasees relating in any way whatsoever to the exercise of any rights, or performance of any obligations under, this Agreement by the Beneficiary, including without limitation, the evaluation, hiring, employment and/or termination of any First Source Candidate(s).

7. Compliance with Applicable Laws; Review by City.

a. Throughout the Term of this Agreement the Beneficiary shall, at its sole cost and expense, comply with all Applicable Laws in the performance of its obligations under this Agreement.

b. Review, approval and/or inspection by the City of any materials submitted or work performed by the Beneficiary in connection with this Agreement shall not constitute any representation, warranty or guaranty by the City as to the substance or quality of the matter reviewed or approved. No person or party shall rely in any way on such review or approval, and at all times the Beneficiary shall use its own independent judgment as to the accuracy and quality of all such matters. The Beneficiary shall use its own independent judgment in evaluating First Source Candidates. The City's review or approval of any matters under this Agreement shall not constitute or be construed to constitute approval otherwise required by any and all City departments, boards and commissions in connection with any and all aspects of such matters.

8. No City Financial Obligation. Nothing herein shall impose any financial obligation whatsoever upon the City.

9. Default; Remedies.

a. An event of default by the Beneficiary shall occur if the Beneficiary fails to perform or observe any of the terms, provisions, conditions, restrictions and covenants herein contained to be performed or observed by the Beneficiary and such failure continues for fifteen (15) days after written notice thereof from the City to the Beneficiary (or, if such failure cannot with due diligence be cured within said 15-day period, then such additional time as is reasonably required provided Beneficiary promptly commences and diligently prosecutes such cure, but in no event longer than sixty (60) days after written notice from the City (each an “**Event of Default**”).

b. Upon an Event of Default by the Beneficiary, the City shall be entitled to do one or more of the following, in addition to exercising any of their respective rights and remedies available at law or in equity:

i. Withhold payment(s) or any part thereof related to the Financial Assistance pending corrective action.

ii. Require reimbursement of an appropriate amount of the Financial Assistance already provided to the Beneficiary.

iii. Suspend Beneficiary from bidding on and/or participating in future City contracts for up to three (3) years from the Event of Default.

c. The rights and remedies of the City, whether provided at law or in equity, or by this Agreement, shall be cumulative, and the exercise by the City of any one or more of such

rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any default or breach by the Beneficiary.

10. Non-Discrimination.

a. This Agreement is entered into under the terms of The Philadelphia Home Rule Charter and, in its performance, the Beneficiary shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation, ancestry or national origin. Without limiting the generality of Section 10 of this Agreement, the Beneficiary's noncompliance with the provisions of this Section 10 shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, pursuit of remedies as may be provided in this Agreement, at law or in equity.

b. In accordance with Chapter 17-400 of the Code, the Beneficiary agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the generality of Section 10 of this Agreement, a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

c. The Beneficiary agrees to include Paragraphs (a) and (b) of this Section 10, with appropriate adjustments for the identity of the parties, in all contracts which are entered into for work to be performed pursuant to this Agreement.

d. The Beneficiary further agrees to cooperate with the Commission on Human Relations of The City of Philadelphia in any manner which such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of the Code. Failure to so cooperate shall, without limiting the generality of Section 10 of this Agreement, constitute a substantial breach of this Agreement, entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

11. Intentionally Deleted.

12. Assignment; No Third Party Beneficiaries.

a. The Beneficiary shall not transfer or assign all or any part of its interest under this Agreement without the prior written consent of the City, which consent shall be in the sole discretion of the City, provided, however, that consent by the City shall not be required for any transfer or assignment of this Agreement where Beneficiary has transferred or assigned the Agreement in accordance with the terms and conditions of the Lease. Subject to the preceding

sentence, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

b. The provisions of this Agreement shall not be construed for the benefit of any third party.

13. **Notices.** Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by: (a) United States certified mail, postage prepaid, return receipt requested, (b) hand delivery by courier service with receipt obtained, charges prepaid, (c) overnight mail through a nationally recognized courier, charges prepaid, addressed to the following parties, or (d) by facsimile, with proof of transmission (with hard copy to follow by one of the other recognized methods within one (1) business day) and addressed as follows:

If addressed to Beneficiary:	PR Gallery I Limited Partnership c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: Daniel Herman, Senior Vice President, Development
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With a copy to:	PR Gallery I Limited Partnership c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: General Counsel
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If addressed to the City:	City of Philadelphia Department of Commerce One Parkway Building,- 12 th Floor 1515 Arch Street Philadelphia, PA 19102 Attn: Commerce Director
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With a copy to:	City of Philadelphia Law Department Real Estate and Economic Development Division One Parkway Building – 17 th Floor 1515 Arch Street Philadelphia, PA 19102 Attention: Divisional Deputy City Solicitor, Real Estate and Economic Development
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or to such other address as the party to receive the notice, demand, request, consent or waiver may hereafter designate by written notice to the other party. Such notice, demand, request, consent or waiver shall be deemed given (a) three (3) days following deposit in the U.S. mail, (b) upon receipt in the case of hand delivery, (c) the next business day following deposit with a nationally recognized overnight courier, or (d) the day faxed, except where such fax is transmitted after 5:00 p.m. EST, in which case the next business day. Notices may be given by the parties' respective counsel.

14. **Audit of Affairs.** During the Term of this Agreement, the City Controller shall have the right to audit the affairs of the Beneficiary in connection with this Agreement to the extent required under Section 6-400 of The Home Rule Charter. In order to facilitate such an audit, upon prior reasonable notice, the Beneficiary shall provide the Controller with reasonable access to the Beneficiary's books and financial records in connection with this Agreement.

15. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16. **Survival.** Any and all provisions set forth in this Agreement which, by its nature or their nature, would reasonably be expected to be performed after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

17. **Amendment.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by the City and the Beneficiary. No oral representations, whenever made, by any official or employee of the City shall be effective to modify the terms and provisions of this Agreement.

18. **Governing Law; Venue.** This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania, excluding conflict of law principles. Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County.

19. **Entire Agreement.** This Agreement sets forth all the promises, agreements, conditions and understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code. There are no promises, agreements, conditions or understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code other than those set forth in the Agreement.

20. **Counterparts.** This Agreement may be executed in on or more counterparts, each of which is an original, and all of which together are a single agreement between the City and the Beneficiary.

[Remainder of the page left intentionally blank; signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: BOE
Divisional Deputy City Solicitor

By: _____
Name: Alan Greenberger
Title: Commerce Director

Beneficiary

PR GALLERY I LIMITED PARTNERSHIP

By: GPM GP LLC, its general partner

By: PM Gallery LP, its sole member

By: PR 8-10 Market GP LLC, a general partner

By: PREIT Associates, L.P., its sole member

By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

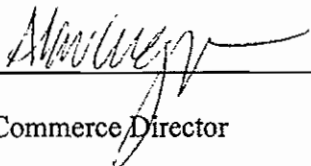
By: _____
Name: Thomas J. Leanse
Title: Senior Executive Vice President, Chief Legal Officer & Secretary

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By:  _____
Name:
Title: Commerce Director

Beneficiary

PR GALLERY I LIMITED PARTNERSHIP

By: GPM GP LLC, its general partner
By: PM Gallery LP, its sole member
By: PR 8-10 Market GP LLC, a general partner
By: PREIT Associates, L.P., its sole member
By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and
By: Macerich Gallery Market East GP LLC, a general partner

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Title: Senior Executive Vice President, Chief Legal Officer & Secretary

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THE CITY OF PHILADELPHIA, by and through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By: _____
Name:
Title: Commerce Director

Beneficiary

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By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel & Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
Name: Randy L. Brant
Title: Executive Vice President, Real Estate

EXHIBIT A
Financial Assistance Description

(1) Tax Increment Financing:

- a. Tax Increment Financing Agreement (Gallery at Market East Tax Increment Financing District), dated _____, 2015, by and among The City of Philadelphia (the "City"), The School District of Philadelphia, the Philadelphia Authority for Industrial Development ("PAID") and _____.

(2) City Grant Funds

- a. Project Funding Agreement (Gallery I), dated _____, 2015, by and between the City and PAID.
- b. Sub-Agreement for Project Funding (Gallery I), dated _____, 2015, by and between PAID.

**FIRST SOURCE EMPLOYMENT AGREEMENT
GALLERY MALL**

THIS FIRST SOURCE EMPLOYMENT AGREEMENT (this “**Agreement**”) is made this ____ day of _____, 2015 (the “**Effective Date**”) between **THE CITY OF PHILADELPHIA**, a municipal corporation and body politic organized and existing under the laws of the Commonwealth of Pennsylvania (the “**City**”), acting through its Department of Commerce (the “**Department**”) and Keystone Philadelphia Properties, LP, a Pennsylvania limited partnership (the “**Beneficiary**”).

Background

A. The Beneficiary is redeveloping the properties located on the north side of Market Street between 8th and 11th Streets commonly known as the Gallery Mall, including, without limitation, the construction and maintenance of an integrated public access area at the street and lower levels of the Gallery Mall and 801 Market Street to allow convenient access to the regional transportation hub beneath and adjacent to the Gallery Mall (collectively, the “**Entire Redevelopment Project**”).

B. The City is facilitating the Entire Redevelopment Project through the provision to the Beneficiary of the following Financial Assistance (defined below), of which the Beneficiary is a recipient: (1) tax increment financing; and (2) City grant funds, each as more fully described in the agreements listed in **Exhibit A** to this Agreement, attached and made a part hereof,

C. Chapter 17-2000 of The Philadelphia Code (the “**Code**”) requires that the City enter into a First Source Employment Agreement with the Beneficiary as a condition for the Beneficiary’s receipt of the City’s Financial Assistance, requiring the Beneficiary to use the First Source Registry (defined below) as its initial source for obtaining candidates for all New, Entry-Level Jobs (defined below) created directly or indirectly as a result of such Financial Assistance, subject to the below terms and conditions.

D. The Department is the “Designated Department” designated by the Mayor under §17-2000 of the Code to be responsible for the overall implementation and enforcement of Chapter 17-2000 of the Code.

E. The Beneficiary acknowledges that this Agreement and the Beneficiary’s compliance with Chapter 17-2000 of the Code are material inducements for the City’s grant of Financial Assistance to the Beneficiary.

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth, with the intention of being legally bound hereby, the parties hereto agree as follows:

1. **Background.** The Background set forth above is incorporated by reference herein.

2. Definitions.

a. **"Applicable Law(s)"** means all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, as may be amended from time to time, including without limitation, The City of Philadelphia Home Rule Charter, The Philadelphia Code (including, without limitation, Chapter 17-2000 thereof), and the Americans With Disabilities Act of 1990, P.L. Section 101-336, generally codified at 42 U.S.C. § 1201 et seq.

b. **"City-related Agency"** means all authorities and quasi-public corporations which either: (i) receive appropriations from the City; (ii) have entered into continuing contractual or cooperative relationships with the City; or (iii) operate under legal authority granted to them by City ordinance.

c. **"Community Referral Agency"** means any organized job registry or employment referral organization operated by a nonprofit organization or union approved by the City as satisfying the following requirements: (i) the agency has established a community membership base and record of conducting outreach to low and moderate income neighborhoods in Philadelphia; and (ii) the agency has a track record of nondiscriminatory employment referral and job placement with respect to race, color, religion, national origin, gender, gender orientation, age, marital or family status, or disability unrelated to job ability. As of the Effective Date, the Community Referral Agency is Philadelphia Works, Inc., a non-profit corporation with a place of business at One Penn Center at Suburban Station 1617 JFK Boulevard, 13th Floor, Philadelphia PA 19103, or such organization as the City may designate from time to time in its discretion.

d. **"Entry-level Job(s)"** means work that requires little to no formal vocational training, education or prior experience in the field or profession beyond on-the-job training.

e. **"Financial Assistance"** means any grant, loan, incentive or abatement subject to City Council approval in the amount of twenty-five thousand dollars (\$25,000.00) or more that is provided to the Beneficiary with the authority or approval of the City or a City-related Agency, including but not limited to, bond financing subsidies, Tax Increment Financing (TIF) aid, industrial development bonds, use of the power of eminent domain, Community Development Block Grant (CDBG) loans or grants, airport revenue bonds, Enterprise Zone designations, and aid from the Philadelphia Works, Inc. (successor to the Philadelphia Workforce Development Corporation) or other similar agencies.

f. **"First Source Candidate(s)"** means an individual on the First Source Registry who meets the minimum qualifications and requirements of an Entry-level Job.

g. **"First Source Period"** means a period of ten (10) business days following notice by the Beneficiary to the Department or, if directed by the Department, to the Community Referral Agency of New, Entry-level Jobs projected or created as a direct or indirect result of Financial Assistance.

h. **“First Source Registry”** means a listing of Philadelphia residents compiled and maintained by the Department or the Community Referral Agency on behalf of the Department for the purpose of employment referrals, including but not limited to the Commonwealth of Pennsylvania Department of Labor and Industry’s Commonwealth Workforce Development System.

i. **“Good Faith Efforts”** means documentation submitted by the Beneficiary to the Department or if directed by the Department, to the Community Referral Agency which includes the following:

- (i) Timely, written notification projecting New, Entry-level Jobs;
- (ii) Written description of specific job qualifications and the minimum requirements for each New, Entry-Level Job;
- (iii) Written verification of compliance with the First Source Period timetable as provided in Section 17-2006(2) of the Code;
- (iv) Timely, written notification of the First Source Candidates that were either contacted, interviewed, hired or rejected; and
- (v) Such other information as the Department may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

j. **“Lease”** Those certain Amended and Lease and Redevelopment Agreements dated ____ by and between Philadelphia Redevelopment Authority (as Landlord) and Beneficiary (as Tenant) with respect to certain property commonly known as Gallery II and 1025 Market Street, Philadelphia.

k. **New, Entry-Level Job(s)”** means all newly created Entry-Level Jobs, but excluding vacancies in New, Entry-level Jobs where such vacancies occur 45 consecutive days or more after the Beneficiary’s Good Faith Efforts to fill the same New, Entry-Level Job.

3. **Term.** The term of this Agreement (the **“Term”**) shall begin on the Effective Date and expires upon the two (2) year anniversary of Beneficiary’s completion, in accordance with the terms of the Lease, of the **“Entire Redevelopment Project”** (as defined in the Lease).

4. **Beneficiary’s Obligations.** The Beneficiary shall make and evidence Good Faith Efforts to fill 100 percent of New, Entry-level Jobs created directly or indirectly as result of Financial Assistance with First Source Candidates in accordance with the terms of this Agreement and Chapter 17-2000 of the Code. Following expiration of the First Source Period, the Beneficiary may fill New, Entry-level Jobs from other sources. For each New, Entry-level Job created directly or indirectly from the City’s Financial Assistance the Beneficiary shall:

a. Notify the Department or, if directed by the Department, the Community Referral Agency of New, Entry-Level Jobs and shall include in such notifications a general description of the job and the minimum requirements for qualified job applicants.

b. Not make any public announcement or advertisement of any New, Entry-Level Job created directly or indirectly as a result of the Financial Assistance during the First Source Period; provided, however, that the Department may waive the First Source Period only if the Beneficiary demonstrates to the satisfaction of the Department that a New, Entry-Level Job will be filled by the transfer or promotion of the Beneficiary's existing or former employee.

c. Accept from the Department or, if directed by the Department, the Community Referral Agency a list of First Source Candidates from the First Source Registry as referrals for employment, unless there are no First Source Candidates for the specific job.

d. Maintain records and submit to the Department or, if directed by the Department, the Community Referral Agency reports containing the following information on a quarterly basis for each of the three (3) month periods ending on March 31, June 30, September 30 and December 31, in the form specified by the Department in its sole discretion, each such report being due to the Department or, if directed by the Department, the Community Referral Agency within seven (7) days following the end of each quarterly reporting period:

- i. The number of New, Entry-Level Jobs covered by this Agreement;
- ii. The number of First Source Candidates and other City residents interviewed;
- iii. The number of First Source Candidates and other City residents employed; and

iv. Such additional information as the Department or, if directed by the Department, the Community Referral Agency may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

e. Use Good Faith Efforts to hire First Source Candidate(s) referred to the Beneficiary from the First Source Jobs Registry, provided, however, that the Beneficiary shall not be required to hire any First Source Candidate(s).

f. Insert in its contracts with contractors and leases with tenants provisions requiring, as applicable, such contractors (as to themselves and their subcontractors) and tenants (as to themselves and their subtenants) to comply with (i) the Sections 4(a)-(e) above and Sections 10(a)-(b) below to the extent to which New, Entry-level Jobs are created directly or indirectly with such contractors, subcontractors, tenants and subtenants as a result of Financial Assistance hereunder, and (ii) to permit the audit of their affairs as provided in Section 14 below. The requirement that contractors (and their subcontractors) and tenants (and their subtenants) comply with the provisions of this Section 4(f) is herein defined as the **"Pushdown Provisions."** Beneficiary shall use reasonable and good faith efforts to enforce the Pushdown Provisions. If Beneficiary uses such reasonable and good faith efforts to enforce the Pushdown Provisions, Beneficiary shall not be in default of this Agreement due to the failure of any contractor, subcontractor, tenant or subtenant to comply with the Pushdown Provisions.

5. Indemnification.

a. The Beneficiary shall indemnify, defend and hold harmless the City, and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each an **"Indemnified Party"**; collectively, the **"Indemnified Parties"**), whether or not the Indemnified Parties or any other person or entity whatsoever, shall have been negligent, from and against any and all losses, claims, suits, administrative or enforcement actions, public or private cost recovery actions, demands, liabilities, fines (civil or criminal) damages and/or expenses (including, without limitation, legal fees and court costs), at law or in equity, which may be imposed upon or incurred by or asserted against any of them by reason, in whole or in part, of (i) any failure on the part of the Beneficiary, its officers, directors, shareholders, employees or agents to keep, observe or perform any of the provisions contained in this Agreement; or (ii) in the performance of this agreement, any violation or alleged violation of Applicable Law by the Beneficiary, its officers, directors, shareholders, employees or agents.

b. In the event any action or proceeding is brought against an Indemnified Party for which the Beneficiary has indemnified the Indemnified Party, the Beneficiary shall, upon written notice from the Indemnified Party, resist or defend such claim at the Beneficiary's sole cost and expense (including without limitation, legal and experts' fees, and litigation costs), and resist or defend such action or proceeding by counsel approved by each Indemnified Party in writing, provided that each Indemnified Party may, if it so desires, engage at its sole expense its own counsel to participate in the defense of any such claim.

c. Without limiting the generality of Section 16 below, the provisions of this Section 5 shall survive expiration of the Term or earlier termination of this Agreement.

6. **Release.** In consideration of the terms, covenants and conditions of this Agreement, the Beneficiary does hereby remise, quitclaim, release and forever discharge, and by these presents does for the Beneficiary's successors and assigns, and the Beneficiary's officers, directors, shareholders, employees, agents, and any person claiming under or through any of them (each a **"Releasor"**; collectively, the **"Releasors"**), hereby remise, quitclaim, release and forever discharge the City and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each a **"Releasee"**; collectively, the **"Releasees"**) from any and all, and all manner of, actions and causes of action, suits, claims and demands whatsoever at law or in equity which any or all Releasors may have against any or all Releasees relating in any way whatsoever to the exercise of any rights, or performance of any obligations under, this Agreement by the Beneficiary, including without limitation, the evaluation, hiring, employment and/or termination of any First Source Candidate(s).

7. Compliance with Applicable Laws; Review by City.

a. Throughout the Term of this Agreement the Beneficiary shall, at its sole cost and expense, comply with all Applicable Laws in the performance of its obligations under this Agreement.

b. Review, approval and/or inspection by the City of any materials submitted or work performed by the Beneficiary in connection with this Agreement shall not constitute any representation, warranty or guaranty by the City as to the substance or quality of the matter reviewed or approved. No person or party shall rely in any way on such review or approval, and at all times the Beneficiary shall use its own independent judgment as to the accuracy and quality of all such matters. The Beneficiary shall use its own independent judgment in evaluating First Source Candidates. The City's review or approval of any matters under this Agreement shall not constitute or be construed to constitute approval otherwise required by any and all City departments, boards and commissions in connection with any and all aspects of such matters.

8. No City Financial Obligation. Nothing herein shall impose any financial obligation whatsoever upon the City.

9. Default; Remedies.

a. An event of default by the Beneficiary shall occur if the Beneficiary fails to perform or observe any of the terms, provisions, conditions, restrictions and covenants herein contained to be performed or observed by the Beneficiary and such failure continues for fifteen (15) days after written notice thereof from the City to the Beneficiary (or, if such failure cannot with due diligence be cured within said 15-day period, then such additional time as is reasonably required provided Beneficiary promptly commences and diligently prosecutes such cure, but in no event longer than sixty (60) days after written notice from the City (each an "**Event of Default**").

b. Upon an Event of Default by the Beneficiary, the City shall be entitled to do one or more of the following, in addition to exercising any of their respective rights and remedies available at law or in equity:

i. Withhold payment(s) or any part thereof related to the Financial Assistance pending corrective action.

ii. Require reimbursement of an appropriate amount of the Financial Assistance already provided to the Beneficiary.

iii. Suspend Beneficiary from bidding on and/or participating in future City contracts for up to three (3) years from the Event of Default.

c. The rights and remedies of the City, whether provided at law or in equity, or by this Agreement, shall be cumulative, and the exercise by the City of any one or more of such

rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any default or breach by the Beneficiary.

10. Non-Discrimination.

a. This Agreement is entered into under the terms of The Philadelphia Home Rule Charter and, in its performance, the Beneficiary shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation, ancestry or national origin. Without limiting the generality of Section 10 of this Agreement, the Beneficiary's noncompliance with the provisions of this Section 10 shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, pursuit of remedies as may be provided in this Agreement, at law or in equity.

b. In accordance with Chapter 17-400 of the Code, the Beneficiary agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the generality of Section 10 of this Agreement, a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

c. The Beneficiary agrees to include Paragraphs (a) and (b) of this Section 10, with appropriate adjustments for the identity of the parties, in all contracts which are entered into for work to be performed pursuant to this Agreement.

d. The Beneficiary further agrees to cooperate with the Commission on Human Relations of The City of Philadelphia in any manner which such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of the Code. Failure to so cooperate shall, without limiting the generality of Section 10 of this Agreement, constitute a substantial breach of this Agreement, entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

11. Intentionally Deleted.

12. Assignment; No Third Party Beneficiaries.

a. The Beneficiary shall not transfer or assign all or any part of its interest under this Agreement without the prior written consent of the City, which consent shall be in the sole discretion of the City, provided, however, that consent by the City shall not be required for any transfer or assignment of this Agreement where Beneficiary has transferred or assigned the Agreement in accordance with the terms and conditions of the Lease. Subject to the preceding

sentence, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

b. The provisions of this Agreement shall not be construed for the benefit of any third party.

13. **Notices.** Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by: (a) United States certified mail, postage prepaid, return receipt requested, (b) hand delivery by courier service with receipt obtained, charges prepaid, (c) overnight mail through a nationally recognized courier, charges prepaid, addressed to the following parties, or (d) by facsimile, with proof of transmission (with hard copy to follow by one of the other recognized methods within one (1) business day) and addressed as follows:

If addressed to Beneficiary:	Keystone Philadelphia Properties, LP c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: Daniel Herman, Senior Vice President, Development
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With a copy to:	Keystone Philadelphia Properties, LP c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: General Counsel
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If addressed to the City:	City of Philadelphia Department of Commerce One Parkway Building,- 12 th Floor 1515 Arch Street Philadelphia, PA 19102 Attn: Commerce Director
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With a copy to:	City of Philadelphia Law Department Real Estate and Economic Development Division One Parkway Building – 17 th Floor 1515 Arch Street Philadelphia, PA 19102 Attention: Divisional Deputy City Solicitor, Real Estate and Economic Development
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or to such other address as the party to receive the notice, demand, request, consent or waiver may hereafter designate by written notice to the other party. Such notice, demand, request, consent or waiver shall be deemed given (a) three (3) days following deposit in the U.S. mail, (b) upon receipt in the case of hand delivery, (c) the next business day following deposit with a nationally recognized overnight courier, or (d) the day faxed, except where such fax is transmitted after 5:00 p.m. EST, in which case the next business day. Notices may be given by the parties' respective counsel.

14. **Audit of Affairs.** During the Term of this Agreement, the City Controller shall have the right to audit the affairs of the Beneficiary in connection with this Agreement to the extent required under Section 6-400 of The Home Rule Charter. In order to facilitate such an audit, upon prior reasonable notice, the Beneficiary shall provide the Controller with reasonable access to the Beneficiary's books and financial records in connection with this Agreement.

15. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16. **Survival.** Any and all provisions set forth in this Agreement which, by its nature or their nature, would reasonably be expected to be performed after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

17. **Amendment.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by the City and the Beneficiary. No oral representations, whenever made, by any official or employee of the City shall be effective to modify the terms and provisions of this Agreement.

18. **Governing Law; Venue.** This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania, excluding conflict of law principles. Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County.

19. **Entire Agreement.** This Agreement sets forth all the promises, agreements, conditions and understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code. There are no promises, agreements, conditions or understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code other than those set forth in the Agreement.

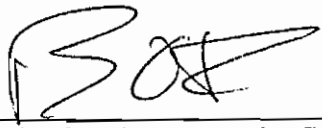
20. **Counterparts.** This Agreement may be executed in on or more counterparts, each of which is an original, and all of which together are a single agreement between the City and the Beneficiary.

[Remainder of the page left intentionally blank; signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: 
Divisional Deputy City Solicitor

By: _____
Name: Alan Greenberger
Title: Commerce Director

Beneficiary

KEYSTONE PHILADELPHIA PROPERTIES, LP

Keystone Philadelphia Properties, LP

By: GPM GP LLC, its general partner

By: PM Gallery LP, its sole member

By: PR 8-10 Market GP LLC, a general partner

By: PREIT Associates, L.P., its sole member

By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

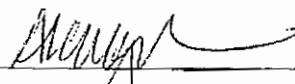
By: _____
Name: Thomas J. Leanse
Title: Senior Executive Vice President, Chief Legal Officer & Secretary

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By:  _____
Name:
Title: Commerce Director

Beneficiary

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its general partner

By: _____
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Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

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Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By: _____
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Beneficiary

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By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
Name: Randy L. Brant
Title: Executive Vice President, Real Estate

EXHIBIT A
Financial Assistance Description

(1) Tax Increment Financing:

- a. Tax Increment Financing Agreement (Gallery at Market East Tax Increment Financing District), dated _____, 2015, by and among The City of Philadelphia (the "City"), The School District of Philadelphia, the Philadelphia Authority for Industrial Development ("PAID") and _____.

(2) City Grant Funds

- a. Project Funding Agreement (Gallery II), dated _____, 2015, by and between the City and PAID.
- b. Sub-Agreement for Project Funding (Gallery II), dated _____, 2015, by and between PAID.

Proposed Amendment to Resolution No. 150390

1. Amend the “Amended and Restated Lease and Redevelopment Agreement” attached as an Exhibit to the Resolution by replacing Schedule 8.4 of the Agreement, entitled “Economic Opportunity Plan” with the version of such document attached hereto.

City of Philadelphia Economic Opportunity Plan

Gallery Redevelopment Project

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I. Introduction and Definitions

The City of Philadelphia strongly encourages the use of certified Minority ("MBE"), Women ("WBE"), Disabled ("DSBE") and Disadvantaged¹ ("DBEs") Business Enterprises (collectively, "M/W/DSBEs") and minority and female workers in all aspects of **GALLERY REDEVELOPMENT PROJECT** located between **8th Street, 11th Street, Filbert Street, and Market Street** which may include financial investment, design, construction and operations. In support of this objective, the City of Philadelphia will require that **Pennsylvania Real Estate Investment Trust - PREIT** (the "Owner") of the Project commit to this Economic Opportunity Plan ("EOP" or "Plan"). This Plan contains ranges of projected M/W/DSBE utilization and goals for the employment of minority and female workers in connection with the Project at the Site. This Plan shall be a part of and incorporated into the resulting agreement(s) with the owners of the **GALLERY REDEVELOPMENT PROJECT**.

The Owner hereby verifies that all information submitted to the Office of Economic Opportunity ("OEO") in response to this Plan, is true and correct and take notice that the submission of false information is subject to the penalties of 18 PA C. S. Section 4904, relating to unsworn falsification to authorities and 18 PA C. S. Section 4107.2 (a)(4), relating to fraud in connection with minority business enterprises or women's business enterprises.

For the purposes of this Plan, MBE, WBE, DBE and DSBE shall refer to certified businesses so recognized by OEO. Only the work or supply effort of firms that are certified as M/W/DSBEs by an OEO approved certifying agency² will be eligible to receive credit as a Best and Good Faith Effort. In order to be counted, certified firms must successfully complete and submit to the OEO an application to be included in the OEO Registry which is a list of registered M/W/DSBEs maintained by the OEO and available online at www.phila.gov/oEO/directory.

For this Plan, the term "Best and Good Faith Efforts," the sufficiency of which shall be in the sole determination of the City, means: efforts, the scope, intensity and appropriateness of which are designed and performed to foster meaningful and representative opportunities for participation by M/W/DSBEs and an appropriately diverse workforce and to achieve the objectives herein stated. Best and Good Faith Efforts are rebuttably presumed met when commitments are made within the M/W/DSBE participation ranges established for the improvements and a commitment is made to employ a diverse workforce as enumerated herein.

II. Project Scope.

The Project includes redevelopment of substantial portions of the Gallery, 801 Market Street and 907 Market Street. Features include, but are not limited to:

- Common area improvements
- New retail space construction
- New street level openings on Market Street for retail use
- New restaurants inside the Gallery and along Market Street

¹ Disadvantaged Business Enterprises ("DBEs") are those socially or economically disadvantaged minority and woman owned businesses certified under 49 C.F.R. Part 26.

² A list of "OEO approved certifying agencies" can be found at www.phila.gov/oEO

- New gateway façade and landmark identification at 10th & Market
- Installation of a food market at former Strawbridge's site at 801 Market Street

III. Goals.

A. M/W/DSBE Participation Ranges.

As a benchmark for the expression of "Best and Good Faith Efforts" to provide meaningful and representative opportunities for M/W/DSBEs in the Project, the following participation ranges have been established. These participation ranges represent, in the absence of discrimination in the solicitation and selection of M/W/DSBEs, the percentage of MBE, WBE and DSBE participation that is reasonably attainable through the exercise of Best and Good Faith Efforts. These percentages relate to the good faith estimated cost of the entire Project. In order to maximize opportunities for as many businesses as possible, a firm that is certified in two or more categories (e.g., MBE and WBE and DSBE or WBE and DSBE) will only be credited toward one participation range as either an MBE or WBE or DSBE. The ranges are based upon an analysis of factors such as the size and scope of the improvements and the availability of MBEs, WBEs, DSBEs and DBEs to participate in this development.

The following contract goals have been set for the Project:

Contracts	Minority Owned	Female Owned	DSBEs	Total
Professional Services	15-20%	10-15%	BGFE	25-35%
Construction	25-30%	5-10%	BGFE	30-40%

The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

The owner agrees to meet the obligations of the First Source agreement for this project.

B. Employment Goals.

The following Construction contract goals have been set for the Project:

Local Residents
35%

The owner agrees to exhaust Best and Good Faith Efforts to employ minority persons and females in its workforce of apprentices and journeymen at the following levels³:

- Minority Apprentices - 50% of all hours worked by all apprentices.
- Minority Journeymen - 32% of all journey hours worked across all trades.
- Female Apprentices - 7% of all hours worked by all apprentices.
- Female Journeypersons – 2% of all hours worked across all trades.

IV. Equity Ownership

“Economic Opportunity Plans,” to require that each Economic Opportunity Plan include information concerning the Equity Ownership (as defined) of (1) the contractor, developer and/or recipient of financial assistance required to submit the Plan; (2) participants (as defined) engaged by the contractor, developer and/or recipient of financial assistance; and (3) the eventual owner or owners of the project or contract to which the Plan relates; and requiring periodic reports for the purpose of updating Equity Ownership information; all under certain terms and conditions.

Identify the current equity owners of the project.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

If the project is privately owned, the following individuals will become the anticipated Equity Owners upon completion.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

Following the completion of the project, the project owner is responsible for meeting the reporting guideline identified in the Philadelphia Code.⁴

³ These goals, which have been adopted by the Economic Opportunity Cabinet, are the recommendations of the Mayor's Commission on Construction Industry Diversity

⁴ Philadelphia Code 17-1603.

V. Diversity Practices

In compliance with Chapter 17-1603 entitled Equal Opportunity Plan: Contents of The Economic Opportunity Plan shall contain a statement from the contractor, developer and/or recipient of financial assistance summarizing past practices by identifying and describing examples of processes used to develop diversity at any/all levels of its organization including, but not limited to, Board and managerial positions. This statement shall also summarize strategic business plans specific to current or past practices of M/W/DSBE utilization on government and non-government projects and procurement. Where appropriate, such a statement should contain:

1. Describe employment and recruitment policies used to achieve diversity in your workforce.

The Company is committed to equal employment opportunity and to attracting and retaining the most qualified employees, regardless of race, color, national origin, ancestry, citizenship, religion, creed, sex, sexual orientation, marital status, familial status, domestic partnership status, age, physical or mental disability, military status, veteran status, genetic information or family medical history, or other characteristic or activity protected by federal, state, or local law ("Protected Status").

2. Provide the race, gender, and residential (local) status of your:

A. Directors	14% are Women 43% reside in Philadelphia
B. Management	7% are African American 33% are Women 24% reside in Philadelphia
C. General Workforce	18% are African American 9% are Hispanic or Latino 4% are Asian or Pacific Islander 61% are Women 43% reside in Philadelphia

3. Identify your organization's methods of solicitation and utilization of Minority, Woman and Disabled Businesses (M/W/DSBEs). Please be specific in describing outreach and any procurement policies that are focused on creating or sustaining business relationships with M/W/DSBEs.

As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

4. What percentage of your company's total spend with vendors and suppliers is attributable to M/W/DSBEs? Please include a list of the largest M/W/DSBEs used by your organization in the last 12 months.

A. Identify the type of goods or services purchased.	n/a
--	-----

B. Amount of the contract.	n/a
C. Indicate if any of these M/W/DSBEs are listed in the City of Philadelphia's Office of Economic Opportunity Registry.	n/a
D. Are these companies certified as M/W/DSBEs? Do you rely on any particular certifying agency?	n/a
E. If there is no previous M/W/DSBE utilization, the Plan shall contain a statement that explains the reason for the lack of M/W/DSBE participation in past contract(s) or project(s).	As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

5. Describe any initiatives made by your organization to increase investment and promote equity ownership by minorities and women.

PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

VI. Responsiveness

A. The owner shall identify M/W/DSBE commitments and other agreements evidencing their intent to use Best and Good Faith efforts to employ minority persons and females at the levels stated herein on the form entitled "M/W/DSBE Participation and Workforce Commitments." The identified commitments on this form constitute a representation that the M/W/DSBE is capable of providing commercially useful goods or services relevant to the commitments and that the Owner has entered into legally binding commitments or other legally binding agreements with the listed M/W/DSBEs for the work or supply effort described and the dollar/percentage amounts set forth on the form. In calculating the percentage of M/W/DSBE participation, the standard mathematical rules apply in rounding off numbers. In the event of inconsistency between the dollar and percentage amounts listed on the form, the percentage will govern.

B. M/W/DSBE commitments are to be memorialized in a written subcontract agreement. Letters of intent, quotations, contracts, subcontracts and any other documents evidencing commitments with M/W/DSBEs, including the M/W/DSBE Participation and Workforce Commitments Form, become part of and an exhibit to the Agreement resulting from the RFP.

C. OEO will review the owner's commitments for the purpose of determining whether Best and Good Faith Efforts have been made. OEO reserves the right to request further documentation and/or clarifying information at any time during the construction and development of the Project.

VII. Compliance and Monitoring of Best and Good Faith Efforts.

A. The owner agrees to cooperate with OEO in its compliance monitoring efforts, and to submit, upon the request of OEO, documentation relative to its implementation of the Plan, including the items described below:

- Copies of signed contracts and purchase orders with M/W/DSBE subcontractors
- Evidence of payments (cancelled checks, invoices, etc.) to subcontractors and suppliers to verify participation; and
- Telephone logs and correspondence relating to M/W/DSBE commitments.
- To the extent required by law, the Owner shall ensure that its on-site contractors maintain certified payrolls which include a breakout of hours worked by minority and female apprentices and journeypersons. These documents are subject to inspection by OEO.

B. Prompt Payment of M/W/DSBEs.

The owner agrees and shall cause its contractors to ensure that M/W/DSBEs participating on the Project receive prompt payment for their work or supply effort within five (5) days after receipt of payment from the project owner.

C. Oversight Committee.

For this Project, in the sole discretion of the City, an oversight committee may be established consisting of representatives from [the Owner], representatives of the building trades, the construction manager, the City which may include the Project site's district councilperson, OEO, and appropriate community organizations ("Committee"). The Committee will meet regularly to provide advice for the purpose of facilitating compliance with the Plan.

D. Reporting.

The owner agrees to file an annual report with the City of Philadelphia and City Council concerning the performance of the Economic Opportunity Plan through the duration of the Project. In addition, during construction, the Owner will provide "snapshot" reports containing updates for certain categories of information contained in its annual report on a monthly basis during construction. Snapshot reporting will include: (i) utilization of M/W/DSBEs and/or DBEs, and (ii) the hiring and employment of minorities and females. All reports (quarterly & annually) provided to the City under this section will also be provided to the Office of Economic Opportunity.

VIII. Remedies and Penalties for Non-Compliance.

A. The owner agrees that its compliance with the requirements of this Plan is material to the Agreement. Failure to comply with the Plan may constitute a substantial breach of the Agreement and is subject to the remedies and penalties contained therein or otherwise available

at law or in equity. Notwithstanding the foregoing, no privity of contract exists between the City and any M/W/DSBE identified in any contract resulting from implementation of the Plan. Neither the Owner nor the City intends to give or confer upon any such M/W/DSBE any legal rights or remedies in connection with subcontracted services under any law or policy or by any reason of any contract resulting from implementation of the Plan except such rights or remedies that the M/W/DSBE may seek as a private cause of action under any legally binding contract to which it may be a party.

IX. Post-Construction Opportunities

PREIT, through a combination of reduced rent, tenant improvements, and professional services will support the following initiatives:

Home Grown Retail Development Pilot

PREIT will develop a public solicitation for proposals from independently owned Philadelphia retailers interested in leasing space within the Project. PREIT's specialty leasing group will lead this initiative. Space considerations could include kiosks, carts, and fixed interior locations. The categories of desired retailers will be determined as PREIT nears completion of its merchandising and leasing plan. PREIT will encourage applicants who have demonstrated successful management of smaller scale retail operations to apply for consideration.

Selected retailers will participate in a professional development program. Under this pilot program, PREIT will provide the following professional mentoring services:

- Basic operations financial modeling, including capital needs and operations budget
- Introductory marketing plan
- Product placement and point of sale advice
- Employee management seminar
- Periodic review of expansion plans, when appropriate

PREIT will provide kiosk owners operating in the Gallery during 2014 a right of first offer to relocate back into the Gallery once the reconstruction has been completed and will provide these kiosk owners with the professional mentoring and technical assistance services of PREIT's Home Grown Retail Development Pilot.

Food and Beverage Minority Entrepreneur Initiative

The new merchandising plan for the Project features venues for specialty prepared foods in an expanded floor plate concept. PREIT will identify food concepts which complement the broader merchandising plan and select targeted concepts for placement. PREIT will reserve specialty food space for placement of Philadelphia minority food vendors drawn from the following pool of candidates:

- The Center for Culinary Enterprises at the Enterprise Center
- The Philadelphia branch of The Network for Teaching Entrepreneurship
- Other local neighborhood retailer associations identified by the Office of Economic Opportunity

Retail Employment - Local Residents

PREIT completed a survey of the Gallery tenants to determine the residency of employees. The survey revealed that 483 of the 737 (65.5%) of employees reside in Philadelphia. The current tenants conducted their own employee recruitment and hiring. PREIT expects that future tenants will continue that practice. PREIT will notify current and prospective tenants that PREIT and the City share the goal of promoting the hiring of Philadelphia residents at the Gallery and will utilize the Philadelphia Workforce Development Agency to identify potential local employee pools.

Retail Employment - Youth

PREIT, in cooperation with its tenants, will develop a youth employment recruitment program that will provide Philadelphia area high school students with part-time and full-time positions at the Gallery. PREIT will coordinate through the proper agency to accomplish programs for Hotel, Restaurant, Travel, and Tourism and Business and Technology to expand the curriculum to include retail support training to ensure an adequate candidate pool. A publicized Job Fair will also be scheduled in coordination with the construction phasing. Finally, PREIT will encourage tenants to hire successful high school graduates in a full time capacity.

PREIT has set a goal of 25-30%M/W/DSBE for the Home Grown Retail program. The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

Christopher Mrozinski

6.1.15

Christopher Mrozinski⁵

Date

Vice President of Development

PREIT Services LLC on behalf of Owner

Pennsylvania Real Estate Investment Trust - PREIT

Angela Dowd-Burton

6/1/2015

Angela Dowd-Burton⁶

Date

Executive Director

City of Philadelphia

⁵ The Owner's Representative is required to sign and date, but the City reserves the right to obtain the Owner's Representative signature thereon at any time prior to Plan certification. The Owner Representative will receive from the City a certified copy of its Plan which should be filed with the Chief Clerk of City Council within fifteen (15) days of the issuance and published by OEO, in a downloadable format, on the OEO website.

⁶ Pursuant to Section 17-1603 (2) of The Philadelphia Code, the representative of the City of Philadelphia's Office of Economic Opportunity, the "certifying agency", certifies that the contents of this Plan are in compliance with Chapter 17-1600.

**FIRST SOURCE EMPLOYMENT AGREEMENT
GALLERY MALL**

THIS FIRST SOURCE EMPLOYMENT AGREEMENT (this “**Agreement**”) is made this ____ day of _____, 2015 (the “**Effective Date**”) between **THE CITY OF PHILADELPHIA**, a municipal corporation and body politic organized and existing under the laws of the Commonwealth of Pennsylvania (the “**City**”), acting through its Department of Commerce (the “**Department**”) and PR Gallery I Limited Partnership, a Pennsylvania limited partnership (the “**Beneficiary**”).

Background

A. The Beneficiary is redeveloping the properties located on the north side of Market Street between 8th and 11th Streets commonly known as the Gallery Mall, including, without limitation, the construction and maintenance of an integrated public access area at the street and lower levels of the Gallery Mall and 801 Market Street to allow convenient access to the regional transportation hub beneath and adjacent to the Gallery Mall (collectively, the “**Entire Redevelopment Project**”).

B. The City is facilitating the Entire Redevelopment Project through the provision to the Beneficiary of the following Financial Assistance (defined below), of which the Beneficiary is a recipient: (1) tax increment financing; and (2) City grant funds, each as more fully described in the agreements listed in **Exhibit A** to this Agreement, attached and made a part hereof,

C. Chapter 17-2000 of The Philadelphia Code (the “**Code**”) requires that the City enter into a First Source Employment Agreement with the Beneficiary as a condition for the Beneficiary’s receipt of the City’s Financial Assistance, requiring the Beneficiary to use the First Source Registry (defined below) as its initial source for obtaining candidates for all New, Entry-Level Jobs (defined below) created directly or indirectly as a result of such Financial Assistance, subject to the below terms and conditions.

D. The Department is the “Designated Department” designated by the Mayor under §17-2000 of the Code to be responsible for the overall implementation and enforcement of Chapter 17-2000 of the Code.

E. The Beneficiary acknowledges that this Agreement and the Beneficiary’s compliance with Chapter 17-2000 of the Code are material inducements for the City’s grant of Financial Assistance to the Beneficiary.

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth, with the intention of being legally bound hereby, the parties hereto agree as follows:

1. **Background.** The Background set forth above is incorporated by reference herein.

2. **Definitions.**

a. **“Applicable Law(s)”** means all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, as may be amended from time to time, including without limitation, The City of Philadelphia Home Rule Charter, The Philadelphia Code (including, without limitation, Chapter 17-2000 thereof), and the Americans With Disabilities Act of 1990, P.L. Section 101-336, generally codified at 42 U.S.C. § 1201 et seq.

b. **“City-related Agency”** means all authorities and quasi-public corporations which either: (i) receive appropriations from the City; (ii) have entered into continuing contractual or cooperative relationships with the City; or (iii) operate under legal authority granted to them by City ordinance.

c. **“Community Referral Agency”** means any organized job registry or employment referral organization operated by a nonprofit organization or union approved by the City as satisfying the following requirements: (i) the agency has established a community membership base and record of conducting outreach to low and moderate income neighborhoods in Philadelphia; and (ii) the agency has a track record of nondiscriminatory employment referral and job placement with respect to race, color, religion, national origin, gender, gender orientation, age, marital or family status, or disability unrelated to job ability. As of the Effective Date, the Community Referral Agency is Philadelphia Works, Inc., a non-profit corporation with a place of business at One Penn Center at Suburban Station 1617 JFK Boulevard, 13th Floor, Philadelphia PA 19103, or such organization as the City may designate from time to time in its discretion.

d. **“Entry-level Job(s)”** means work that requires little to no formal vocational training, education or prior experience in the field or profession beyond on-the-job training.

e. **“Financial Assistance”** means any grant, loan, incentive or abatement subject to City Council approval in the amount of twenty-five thousand dollars (\$25,000.00) or more that is provided to the Beneficiary with the authority or approval of the City or a City-related Agency, including but not limited to, bond financing subsidies, Tax Increment Financing (TIF) aid, industrial development bonds, use of the power of eminent domain, Community Development Block Grant (CDBG) loans or grants, airport revenue bonds, Enterprise Zone designations, and aid from the Philadelphia Works, Inc. (successor to the Philadelphia Workforce Development Corporation) or other similar agencies.

f. **“First Source Candidate(s)”** means an individual on the First Source Registry who meets the minimum qualifications and requirements of an Entry-level Job.

g. **“First Source Period”** means a period of ten (10) business days following notice by the Beneficiary to the Department or, if directed by the Department, to the Community Referral Agency of New, Entry-level Jobs projected or created as a direct or indirect result of Financial Assistance.

h. **“First Source Registry”** means a listing of Philadelphia residents compiled and maintained by the Department or the Community Referral Agency on behalf of the Department for the purpose of employment referrals, including but not limited to the Commonwealth of Pennsylvania Department of Labor and Industry’s Commonwealth Workforce Development System.

i. **“Good Faith Efforts”** means documentation submitted by the Beneficiary to the Department or if directed by the Department, to the Community Referral Agency which includes the following:

- (i) Timely, written notification projecting New, Entry-level Jobs;
- (ii) Written description of specific job qualifications and the minimum requirements for each New, Entry-Level Job;
- (iii) Written verification of compliance with the First Source Period timetable as provided in Section 17-2006(2) of the Code;
- (iv) Timely, written notification of the First Source Candidates that were either contacted, interviewed, hired or rejected; and
- (v) Such other information as the Department may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

j. **“Lease”** That certain Amended and Lease and Redevelopment Agreement dated ____ by and between Philadelphia Redevelopment Authority (as Landlord) and Beneficiary (as Tenant) with respect to certain property commonly known as Gallery I.

k. **New, Entry-Level Job(s)**” means all newly created Entry-Level Jobs, but excluding vacancies in New, Entry-level Jobs where such vacancies occur 45 consecutive days or more after the Beneficiary’s Good Faith Efforts to fill the same New, Entry-Level Job.

3. **Term.** The term of this Agreement (the **“Term”**) shall begin on the Effective Date and expires upon the two (2) year anniversary of Beneficiary’s completion, in accordance with the terms of the Lease, of the **“Entire Redevelopment Project”** (as defined in the Lease).

4. **Beneficiary’s Obligations.** The Beneficiary shall make and evidence Good Faith Efforts to fill 100 percent of New, Entry-level Jobs created directly or indirectly as result of Financial Assistance with First Source Candidates in accordance with the terms of this Agreement and Chapter 17-2000 of the Code. Following expiration of the First Source Period, the Beneficiary may fill New, Entry-level Jobs from other sources. For each New, Entry-level Job created directly or indirectly from the City’s Financial Assistance the Beneficiary shall:

a. Notify the Department or, if directed by the Department, the Community Referral Agency of New, Entry-Level Jobs and shall include in such notifications a general description of the job and the minimum requirements for qualified job applicants.

b. Not make any public announcement or advertisement of any New, Entry-Level Job created directly or indirectly as a result of the Financial Assistance during the First Source Period; provided, however, that the Department may waive the First Source Period only if the Beneficiary demonstrates to the satisfaction of the Department that a New, Entry-Level Job will be filled by the transfer or promotion of the Beneficiary's existing or former employee.

c. Accept from the Department or, if directed by the Department, the Community Referral Agency a list of First Source Candidates from the First Source Registry as referrals for employment, unless there are no First Source Candidates for the specific job.

d. Maintain records and submit to the Department or, if directed by the Department, the Community Referral Agency reports containing the following information on a quarterly basis for each of the three (3) month periods ending on March 31, June 30, September 30 and December 31, in the form specified by the Department in its sole discretion, each such report being due to the Department or, if directed by the Department, the Community Referral Agency within seven (7) days following the end of each quarterly reporting period:

- i. The number of New, Entry-Level Jobs covered by this Agreement;
- ii. The number of First Source Candidates and other City residents interviewed;
- iii. The number of First Source Candidates and other City residents employed; and

iv. Such additional information as the Department or, if directed by the Department, the Community Referral Agency may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

e. Use Good Faith Efforts to hire First Source Candidate(s) referred to the Beneficiary from the First Source Jobs Registry, provided, however, that the Beneficiary shall not be required to hire any First Source Candidate(s).

f. Insert in its contracts with contractors and leases with tenants provisions requiring, as applicable, such contractors (as to themselves and their subcontractors) and tenants (as to themselves and their subtenants) to comply with (i) the Sections 4(a)-(e) above and Sections 10(a)-(b) below to the extent to which New, Entry-level Jobs are created directly or indirectly with such contractors, subcontractors, tenants and subtenants as a result of Financial Assistance hereunder, and (ii) to permit the audit of their affairs as provided in Section 14 below. The requirement that contractors (and their subcontractors) and tenants (and their subtenants) comply with the provisions of this Section 4(f) is herein defined as the **"Pushdown Provisions."** Beneficiary shall use reasonable and good faith efforts to enforce the Pushdown Provisions. If Beneficiary uses such reasonable and good faith efforts to enforce the Pushdown Provisions, Beneficiary shall not be in default of this Agreement due to the failure of any contractor, subcontractor, tenant or subtenant to comply with the Pushdown Provisions.

5. **Indemnification.**

a. The Beneficiary shall indemnify, defend and hold harmless the City, and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each an **"Indemnified Party"**; collectively, the **"Indemnified Parties"**), whether or not the Indemnified Parties or any other person or entity whatsoever, shall have been negligent, from and against any and all losses, claims, suits, administrative or enforcement actions, public or private cost recovery actions, demands, liabilities, fines (civil or criminal) damages and/or expenses (including, without limitation, legal fees and court costs), at law or in equity, which may be imposed upon or incurred by or asserted against any of them by reason, in whole or in part, of (i) any failure on the part of the Beneficiary, its officers, directors, shareholders, employees or agents to keep, observe or perform any of the provisions contained in this Agreement; or (ii) in the performance of this agreement, any violation or alleged violation of Applicable Law by the Beneficiary, its officers, directors, shareholders, employees or agents.

b. In the event any action or proceeding is brought against an Indemnified Party for which the Beneficiary has indemnified the Indemnified Party, the Beneficiary shall, upon written notice from the Indemnified Party, resist or defend such claim at the Beneficiary's sole cost and expense (including without limitation, legal and experts' fees, and litigation costs), and resist or defend such action or proceeding by counsel approved by each Indemnified Party in writing, provided that each Indemnified Party may, if it so desires, engage at its sole expense its own counsel to participate in the defense of any such claim.

c. Without limiting the generality of Section 16 below, the provisions of this Section 5 shall survive expiration of the Term or earlier termination of this Agreement.

6. **Release.** In consideration of the terms, covenants and conditions of this Agreement, the Beneficiary does hereby remise, quitclaim, release and forever discharge, and by these presents does for the Beneficiary's successors and assigns, and the Beneficiary's officers, directors, shareholders, employees, agents, and any person claiming under or through any of them (each a **"Releasor"**; collectively, the **"Releasors"**), hereby remise, quitclaim, release and forever discharge the City and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each a **"Releasee"**; collectively, the **"Releasees"**) from any and all, and all manner of, actions and causes of action, suits, claims and demands whatsoever at law or in equity which any or all Releasors may have against any or all Releasees relating in any way whatsoever to the exercise of any rights, or performance of any obligations under, this Agreement by the Beneficiary, including without limitation, the evaluation, hiring, employment and/or termination of any First Source Candidate(s).

7. Compliance with Applicable Laws; Review by City.

a. Throughout the Term of this Agreement the Beneficiary shall, at its sole cost and expense, comply with all Applicable Laws in the performance of its obligations under this Agreement.

b. Review, approval and/or inspection by the City of any materials submitted or work performed by the Beneficiary in connection with this Agreement shall not constitute any representation, warranty or guaranty by the City as to the substance or quality of the matter reviewed or approved. No person or party shall rely in any way on such review or approval, and at all times the Beneficiary shall use its own independent judgment as to the accuracy and quality of all such matters. The Beneficiary shall use its own independent judgment in evaluating First Source Candidates. The City's review or approval of any matters under this Agreement shall not constitute or be construed to constitute approval otherwise required by any and all City departments, boards and commissions in connection with any and all aspects of such matters.

8. No City Financial Obligation. Nothing herein shall impose any financial obligation whatsoever upon the City.

9. Default; Remedies.

a. An event of default by the Beneficiary shall occur if the Beneficiary fails to perform or observe any of the terms, provisions, conditions, restrictions and covenants herein contained to be performed or observed by the Beneficiary and such failure continues for fifteen (15) days after written notice thereof from the City to the Beneficiary (or, if such failure cannot with due diligence be cured within said 15-day period, then such additional time as is reasonably required provided Beneficiary promptly commences and diligently prosecutes such cure, but in no event longer than sixty (60) days after written notice from the City (each an “**Event of Default**”).

b. Upon an Event of Default by the Beneficiary, the City shall be entitled to do one or more of the following, in addition to exercising any of their respective rights and remedies available at law or in equity:

i. Withhold payment(s) or any part thereof related to the Financial Assistance pending corrective action.

ii. Require reimbursement of an appropriate amount of the Financial Assistance already provided to the Beneficiary.

iii. Suspend Beneficiary from bidding on and/or participating in future City contracts for up to three (3) years from the Event of Default.

c. The rights and remedies of the City, whether provided at law or in equity, or by this Agreement, shall be cumulative, and the exercise by the City of any one or more of such

rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any default or breach by the Beneficiary.

10. Non-Discrimination.

a. This Agreement is entered into under the terms of The Philadelphia Home Rule Charter and, in its performance, the Beneficiary shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation, ancestry or national origin. Without limiting the generality of Section 10 of this Agreement, the Beneficiary's noncompliance with the provisions of this Section 10 shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, pursuit of remedies as may be provided in this Agreement, at law or in equity.

b. In accordance with Chapter 17-400 of the Code, the Beneficiary agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the generality of Section 10 of this Agreement, a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

c. The Beneficiary agrees to include Paragraphs (a) and (b) of this Section 10, with appropriate adjustments for the identity of the parties, in all contracts which are entered into for work to be performed pursuant to this Agreement.

d. The Beneficiary further agrees to cooperate with the Commission on Human Relations of The City of Philadelphia in any manner which such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of the Code. Failure to so cooperate shall, without limiting the generality of Section 10 of this Agreement, constitute a substantial breach of this Agreement, entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

11. Intentionally Deleted.

12. Assignment; No Third Party Beneficiaries.

a. The Beneficiary shall not transfer or assign all or any part of its interest under this Agreement without the prior written consent of the City, which consent shall be in the sole discretion of the City, provided, however, that consent by the City shall not be required for any transfer or assignment of this Agreement where Beneficiary has transferred or assigned the Agreement in accordance with the terms and conditions of the Lease. Subject to the preceding

sentence, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

b. The provisions of this Agreement shall not be construed for the benefit of any third party.

13. **Notices.** Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by: (a) United States certified mail, postage prepaid, return receipt requested, (b) hand delivery by courier service with receipt obtained, charges prepaid, (c) overnight mail through a nationally recognized courier, charges prepaid, addressed to the following parties, or (d) by facsimile, with proof of transmission (with hard copy to follow by one of the other recognized methods within one (1) business day) and addressed as follows:

If addressed to Beneficiary:	PR Gallery I Limited Partnership c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: Daniel Herman, Senior Vice President, Development
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With a copy to:	PR Gallery I Limited Partnership c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: General Counsel
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If addressed to the City:	City of Philadelphia Department of Commerce One Parkway Building,- 12 th Floor 1515 Arch Street Philadelphia, PA 19102 Attn: Commerce Director
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With a copy to:	City of Philadelphia Law Department Real Estate and Economic Development Division One Parkway Building – 17 th Floor 1515 Arch Street Philadelphia, PA 19102 Attention: Divisional Deputy City Solicitor, Real Estate and Economic Development
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or to such other address as the party to receive the notice, demand, request, consent or waiver may hereafter designate by written notice to the other party. Such notice, demand, request, consent or waiver shall be deemed given (a) three (3) days following deposit in the U.S. mail, (b) upon receipt in the case of hand delivery, (c) the next business day following deposit with a nationally recognized overnight courier, or (d) the day faxed, except where such fax is transmitted after 5:00 p.m. EST, in which case the next business day. Notices may be given by the parties' respective counsel.

14. **Audit of Affairs.** During the Term of this Agreement, the City Controller shall have the right to audit the affairs of the Beneficiary in connection with this Agreement to the extent required under Section 6-400 of The Home Rule Charter. In order to facilitate such an audit, upon prior reasonable notice, the Beneficiary shall provide the Controller with reasonable access to the Beneficiary's books and financial records in connection with this Agreement.

15. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16. **Survival.** Any and all provisions set forth in this Agreement which, by its nature or their nature, would reasonably be expected to be performed after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

17. **Amendment.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by the City and the Beneficiary. No oral representations, whenever made, by any official or employee of the City shall be effective to modify the terms and provisions of this Agreement.

18. **Governing Law; Venue.** This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania, excluding conflict of law principles. Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County.

19. **Entire Agreement.** This Agreement sets forth all the promises, agreements, conditions and understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code. There are no promises, agreements, conditions or understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code other than those set forth in the Agreement.

20. **Counterparts.** This Agreement may be executed in on or more counterparts, each of which is an original, and all of which together are a single agreement between the City and the Beneficiary.

[Remainder of the page left intentionally blank; signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: BOE
Divisional Deputy City Solicitor

By: _____
Name: Alan Greenberger
Title: Commerce Director

Beneficiary

PR GALLERY I LIMITED PARTNERSHIP

By: GPM GP LLC, its general partner
By: PM Gallery LP, its sole member
By: PR 8-10 Market GP LLC, a general partner
By: PREIT Associates, L.P., its sole member
By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel & Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

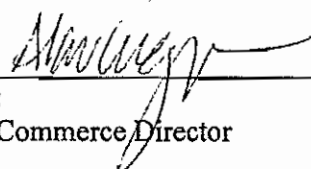
By: _____
Name: Thomas J. Leanse
Title: Senior Executive Vice President, Chief Legal Officer & Secretary

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By: 
Name: _____
Title: Commerce Director

Beneficiary

PR GALLERY I LIMITED PARTNERSHIP

By: GPM GP LLC, its general partner
By: PM Gallery LP, its sole member
By: PR 8-10 Market GP LLC, a general partner
By: PREIT Associates, L.P., its sole member
By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
Name: Thomas J. Leanse
Title: Senior Executive Vice President, Chief Legal Officer & Secretary

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and
through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By: _____
Name:
Title: Commerce Director

Beneficiary

PR GALLERY I LIMITED PARTNERSHIP

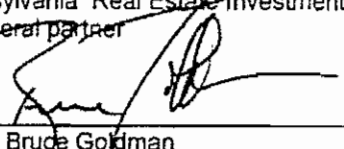
By: GPM GP LLC, its general partner

By: PM Gallery LP, its sole member

By: PR 8-10 Market GP LLC, a general partner

By: PREIT Associates, L.P., its sole member

By: Pennsylvania Real Estate Investment Trust,
its general partner

By: 
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

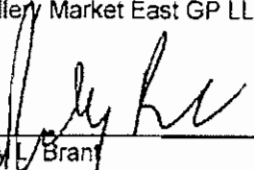
By: 
Name: Randy L. Brand
Title: Executive Vice President, Real Estate

EXHIBIT A

Financial Assistance Description

(1) Tax Increment Financing:

- a. Tax Increment Financing Agreement (Gallery at Market East Tax Increment Financing District), dated _____, 2015, by and among The City of Philadelphia (the "City"), The School District of Philadelphia, the Philadelphia Authority for Industrial Development ("PAID") and _____.

(2) City Grant Funds

- a. Project Funding Agreement (Gallery I), dated _____, 2015, by and between the City and PAID.
- b. Sub-Agreement for Project Funding (Gallery I), dated _____, 2015, by and between PAID.

**FIRST SOURCE EMPLOYMENT AGREEMENT
GALLERY MALL**

THIS FIRST SOURCE EMPLOYMENT AGREEMENT (this “**Agreement**”) is made this ____ day of _____, 2015 (the “**Effective Date**”) between **THE CITY OF PHILADELPHIA**, a municipal corporation and body politic organized and existing under the laws of the Commonwealth of Pennsylvania (the “**City**”), acting through its Department of Commerce (the “**Department**”) and Keystone Philadelphia Properties, LP, a Pennsylvania limited partnership (the “**Beneficiary**”).

Background

A. The Beneficiary is redeveloping the properties located on the north side of Market Street between 8th and 11th Streets commonly known as the Gallery Mall, including, without limitation, the construction and maintenance of an integrated public access area at the street and lower levels of the Gallery Mall and 801 Market Street to allow convenient access to the regional transportation hub beneath and adjacent to the Gallery Mall (collectively, the “**Entire Redevelopment Project**”).

B. The City is facilitating the Entire Redevelopment Project through the provision to the Beneficiary of the following Financial Assistance (defined below), of which the Beneficiary is a recipient: (1) tax increment financing; and (2) City grant funds, each as more fully described in the agreements listed in **Exhibit A** to this Agreement, attached and made a part hereof,

C. Chapter 17-2000 of The Philadelphia Code (the “**Code**”) requires that the City enter into a First Source Employment Agreement with the Beneficiary as a condition for the Beneficiary’s receipt of the City’s Financial Assistance, requiring the Beneficiary to use the First Source Registry (defined below) as its initial source for obtaining candidates for all New, Entry-Level Jobs (defined below) created directly or indirectly as a result of such Financial Assistance, subject to the below terms and conditions.

D. The Department is the “Designated Department” designated by the Mayor under §17-2000 of the Code to be responsible for the overall implementation and enforcement of Chapter 17-2000 of the Code.

E. The Beneficiary acknowledges that this Agreement and the Beneficiary’s compliance with Chapter 17-2000 of the Code are material inducements for the City’s grant of Financial Assistance to the Beneficiary.

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth, with the intention of being legally bound hereby, the parties hereto agree as follows:

1. **Background.** The Background set forth above is incorporated by reference herein.

2. Definitions.

a. **“Applicable Law(s)”** means all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, as may be amended from time to time, including without limitation, The City of Philadelphia Home Rule Charter, The Philadelphia Code (including, without limitation, Chapter 17-2000 thereof), and the Americans With Disabilities Act of 1990, P.L. Section 101-336, generally codified at 42 U.S.C. § 1201 et seq.

b. **“City-related Agency”** means all authorities and quasi-public corporations which either: (i) receive appropriations from the City; (ii) have entered into continuing contractual or cooperative relationships with the City; or (iii) operate under legal authority granted to them by City ordinance.

c. **“Community Referral Agency”** means any organized job registry or employment referral organization operated by a nonprofit organization or union approved by the City as satisfying the following requirements: (i) the agency has established a community membership base and record of conducting outreach to low and moderate income neighborhoods in Philadelphia; and (ii) the agency has a track record of nondiscriminatory employment referral and job placement with respect to race, color, religion, national origin, gender, gender orientation, age, marital or family status, or disability unrelated to job ability. As of the Effective Date, the Community Referral Agency is Philadelphia Works, Inc., a non-profit corporation with a place of business at One Penn Center at Suburban Station 1617 JFK Boulevard, 13th Floor, Philadelphia PA 19103, or such organization as the City may designate from time to time in its discretion.

d. **“Entry-level Job(s)”** means work that requires little to no formal vocational training, education or prior experience in the field or profession beyond on-the-job training.

e. **“Financial Assistance”** means any grant, loan, incentive or abatement subject to City Council approval in the amount of twenty-five thousand dollars (\$25,000.00) or more that is provided to the Beneficiary with the authority or approval of the City or a City-related Agency, including but not limited to, bond financing subsidies, Tax Increment Financing (TIF) aid, industrial development bonds, use of the power of eminent domain, Community Development Block Grant (CDBG) loans or grants, airport revenue bonds, Enterprise Zone designations, and aid from the Philadelphia Works, Inc. (successor to the Philadelphia Workforce Development Corporation) or other similar agencies.

f. **“First Source Candidate(s)”** means an individual on the First Source Registry who meets the minimum qualifications and requirements of an Entry-level Job.

g. **“First Source Period”** means a period of ten (10) business days following notice by the Beneficiary to the Department or, if directed by the Department, to the Community Referral Agency of New, Entry-level Jobs projected or created as a direct or indirect result of Financial Assistance.

h. **“First Source Registry”** means a listing of Philadelphia residents compiled and maintained by the Department or the Community Referral Agency on behalf of the Department for the purpose of employment referrals, including but not limited to the Commonwealth of Pennsylvania Department of Labor and Industry’s Commonwealth Workforce Development System.

i. **“Good Faith Efforts”** means documentation submitted by the Beneficiary to the Department or if directed by the Department, to the Community Referral Agency which includes the following:

- (i) Timely, written notification projecting New, Entry-level Jobs;
- (ii) Written description of specific job qualifications and the minimum requirements for each New, Entry-Level Job;
- (iii) Written verification of compliance with the First Source Period timetable as provided in Section 17-2006(2) of the Code;
- (iv) Timely, written notification of the First Source Candidates that were either contacted, interviewed, hired or rejected; and
- (v) Such other information as the Department may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

j. **“Lease”** Those certain Amended and Lease and Redevelopment Agreements dated ____ by and between Philadelphia Redevelopment Authority (as Landlord) and Beneficiary (as Tenant) with respect to certain property commonly known as Gallery II and 1025 Market Street, Philadelphia.

k. **New, Entry-Level Job(s)”** means all newly created Entry-Level Jobs, but excluding vacancies in New, Entry-level Jobs where such vacancies occur 45 consecutive days or more after the Beneficiary’s Good Faith Efforts to fill the same New, Entry-Level Job.

3. **Term.** The term of this Agreement (the **“Term”**) shall begin on the Effective Date and expires upon the two (2) year anniversary of Beneficiary’s completion, in accordance with the terms of the Lease, of the **“Entire Redevelopment Project”** (as defined in the Lease).

4. **Beneficiary’s Obligations.** The Beneficiary shall make and evidence Good Faith Efforts to fill 100 percent of New, Entry-level Jobs created directly or indirectly as result of Financial Assistance with First Source Candidates in accordance with the terms of this Agreement and Chapter 17-2000 of the Code. Following expiration of the First Source Period, the Beneficiary may fill New, Entry-level Jobs from other sources. For each New, Entry-level Job created directly or indirectly from the City’s Financial Assistance the Beneficiary shall:

a. Notify the Department or, if directed by the Department, the Community Referral Agency of New, Entry-Level Jobs and shall include in such notifications a general description of the job and the minimum requirements for qualified job applicants.

b. Not make any public announcement or advertisement of any New, Entry-Level Job created directly or indirectly as a result of the Financial Assistance during the First Source Period; provided, however, that the Department may waive the First Source Period only if the Beneficiary demonstrates to the satisfaction of the Department that a New, Entry-Level Job will be filled by the transfer or promotion of the Beneficiary's existing or former employee.

c. Accept from the Department or, if directed by the Department, the Community Referral Agency a list of First Source Candidates from the First Source Registry as referrals for employment, unless there are no First Source Candidates for the specific job.

d. Maintain records and submit to the Department or, if directed by the Department, the Community Referral Agency reports containing the following information on a quarterly basis for each of the three (3) month periods ending on March 31, June 30, September 30 and December 31, in the form specified by the Department in its sole discretion, each such report being due to the Department or, if directed by the Department, the Community Referral Agency within seven (7) days following the end of each quarterly reporting period:

i. The number of New, Entry-Level Jobs covered by this Agreement;

ii. The number of First Source Candidates and other City residents interviewed;

iii. The number of First Source Candidates and other City residents employed; and

iv. Such additional information as the Department or, if directed by the Department, the Community Referral Agency may request from time to time in its sole discretion in order to implement and enforce Chapter 17-2000 of the Code.

e. Use Good Faith Efforts to hire First Source Candidate(s) referred to the Beneficiary from the First Source Jobs Registry, provided, however, that the Beneficiary shall not be required to hire any First Source Candidate(s).

f. Insert in its contracts with contractors and leases with tenants provisions requiring, as applicable, such contractors (as to themselves and their subcontractors) and tenants (as to themselves and their subtenants) to comply with (i) the Sections 4(a)-(e) above and Sections 10(a)-(b) below to the extent to which New, Entry-level Jobs are created directly or indirectly with such contractors, subcontractors, tenants and subtenants as a result of Financial Assistance hereunder, and (ii) to permit the audit of their affairs as provided in Section 14 below. The requirement that contractors (and their subcontractors) and tenants (and their subtenants) comply with the provisions of this Section 4(f) is herein defined as the **"Pushdown Provisions."** Beneficiary shall use reasonable and good faith efforts to enforce the Pushdown Provisions. If Beneficiary uses such reasonable and good faith efforts to enforce the Pushdown Provisions, Beneficiary shall not be in default of this Agreement due to the failure of any contractor, subcontractor, tenant or subtenant to comply with the Pushdown Provisions.

5. Indemnification.

a. The Beneficiary shall indemnify, defend and hold harmless the City, and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each an **"Indemnified Party"**; collectively, the **"Indemnified Parties"**), whether or not the Indemnified Parties or any other person or entity whatsoever, shall have been negligent, from and against any and all losses, claims, suits, administrative or enforcement actions, public or private cost recovery actions, demands, liabilities, fines (civil or criminal) damages and/or expenses (including, without limitation, legal fees and court costs), at law or in equity, which may be imposed upon or incurred by or asserted against any of them by reason, in whole or in part, of (i) any failure on the part of the Beneficiary, its officers, directors, shareholders, employees or agents to keep, observe or perform any of the provisions contained in this Agreement; or (ii) in the performance of this agreement, any violation or alleged violation of Applicable Law by the Beneficiary, its officers, directors, shareholders, employees or agents.

b. In the event any action or proceeding is brought against an Indemnified Party for which the Beneficiary has indemnified the Indemnified Party, the Beneficiary shall, upon written notice from the Indemnified Party, resist or defend such claim at the Beneficiary's sole cost and expense (including without limitation, legal and experts' fees, and litigation costs), and resist or defend such action or proceeding by counsel approved by each Indemnified Party in writing, provided that each Indemnified Party may, if it so desires, engage at its sole expense its own counsel to participate in the defense of any such claim.

c. Without limiting the generality of Section 16 below, the provisions of this Section 5 shall survive expiration of the Term or earlier termination of this Agreement.

6. **Release.** In consideration of the terms, covenants and conditions of this Agreement, the Beneficiary does hereby remise, quitclaim, release and forever discharge, and by these presents does for the Beneficiary's successors and assigns, and the Beneficiary's officers, directors, shareholders, employees, agents, and any person claiming under or through any of them (each a **"Releasor"**; collectively, the **"Releasors"**), hereby remise, quitclaim, release and forever discharge the City and its respective officials, employees, departments, boards, commissions, agents and representatives, including the Community Referral Agency (acting officially or otherwise) (each a **"Releasee"**; collectively, the **"Releasees"**) from any and all, and all manner of, actions and causes of action, suits, claims and demands whatsoever at law or in equity which any or all Releasors may have against any or all Releasees relating in any way whatsoever to the exercise of any rights, or performance of any obligations under, this Agreement by the Beneficiary, including without limitation, the evaluation, hiring, employment and/or termination of any First Source Candidate(s).

7. Compliance with Applicable Laws; Review by City.

a. Throughout the Term of this Agreement the Beneficiary shall, at its sole cost and expense, comply with all Applicable Laws in the performance of its obligations under this Agreement.

b. Review, approval and/or inspection by the City of any materials submitted or work performed by the Beneficiary in connection with this Agreement shall not constitute any representation, warranty or guaranty by the City as to the substance or quality of the matter reviewed or approved. No person or party shall rely in any way on such review or approval, and at all times the Beneficiary shall use its own independent judgment as to the accuracy and quality of all such matters. The Beneficiary shall use its own independent judgment in evaluating First Source Candidates. The City's review or approval of any matters under this Agreement shall not constitute or be construed to constitute approval otherwise required by any and all City departments, boards and commissions in connection with any and all aspects of such matters.

8. No City Financial Obligation. Nothing herein shall impose any financial obligation whatsoever upon the City.

9. Default; Remedies.

a. An event of default by the Beneficiary shall occur if the Beneficiary fails to perform or observe any of the terms, provisions, conditions, restrictions and covenants herein contained to be performed or observed by the Beneficiary and such failure continues for fifteen (15) days after written notice thereof from the City to the Beneficiary (or, if such failure cannot with due diligence be cured within said 15-day period, then such additional time as is reasonably required provided Beneficiary promptly commences and diligently prosecutes such cure, but in no event longer than sixty (60) days after written notice from the City (each an “Event of Default”).

b. Upon an Event of Default by the Beneficiary, the City shall be entitled to do one or more of the following, in addition to exercising any of their respective rights and remedies available at law or in equity:

i. Withhold payment(s) or any part thereof related to the Financial Assistance pending corrective action.

ii. Require reimbursement of an appropriate amount of the Financial Assistance already provided to the Beneficiary.

iii. Suspend Beneficiary from bidding on and/or participating in future City contracts for up to three (3) years from the Event of Default.

c. The rights and remedies of the City, whether provided at law or in equity, or by this Agreement, shall be cumulative, and the exercise by the City of any one or more of such

rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any default or breach by the Beneficiary.

10. Non-Discrimination.

a. This Agreement is entered into under the terms of The Philadelphia Home Rule Charter and, in its performance, the Beneficiary shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation, ancestry or national origin. Without limiting the generality of Section 10 of this Agreement, the Beneficiary's noncompliance with the provisions of this Section 10 shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, pursuit of remedies as may be provided in this Agreement, at law or in equity.

b. In accordance with Chapter 17-400 of the Code, the Beneficiary agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the generality of Section 10 of this Agreement, a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

c. The Beneficiary agrees to include Paragraphs (a) and (b) of this Section 10, with appropriate adjustments for the identity of the parties, in all contracts which are entered into for work to be performed pursuant to this Agreement.

d. The Beneficiary further agrees to cooperate with the Commission on Human Relations of The City of Philadelphia in any manner which such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of the Code. Failure to so cooperate shall, without limiting the generality of Section 10 of this Agreement, constitute a substantial breach of this Agreement, entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

11. Intentionally Deleted.

12. Assignment; No Third Party Beneficiaries.

a. The Beneficiary shall not transfer or assign all or any part of its interest under this Agreement without the prior written consent of the City, which consent shall be in the sole discretion of the City, provided, however, that consent by the City shall not be required for any transfer or assignment of this Agreement where Beneficiary has transferred or assigned the Agreement in accordance with the terms and conditions of the Lease. Subject to the preceding

sentence, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

b. The provisions of this Agreement shall not be construed for the benefit of any third party.

13. **Notices.** Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by: (a) United States certified mail, postage prepaid, return receipt requested, (b) hand delivery by courier service with receipt obtained, charges prepaid, (c) overnight mail through a nationally recognized courier, charges prepaid, addressed to the following parties, or (d) by facsimile, with proof of transmission (with hard copy to follow by one of the other recognized methods within one (1) business day) and addressed as follows:

If addressed to Beneficiary:	Keystone Philadelphia Properties, LP c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: Daniel Herman, Senior Vice President, Development
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With a copy to:	Keystone Philadelphia Properties, LP c/o PREIT Services, LLC 200 South Broad Street The Bellevue, Third Floor Philadelphia, PA 19102 Attn: General Counsel
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If addressed to the City:	City of Philadelphia Department of Commerce One Parkway Building,- 12 th Floor 1515 Arch Street Philadelphia, PA 19102 Attn: Commerce Director
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With a copy to:	City of Philadelphia Law Department Real Estate and Economic Development Division One Parkway Building – 17 th Floor 1515 Arch Street Philadelphia, PA 19102 Attention: Divisional Deputy City Solicitor, Real Estate and Economic Development
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or to such other address as the party to receive the notice, demand, request, consent or waiver may hereafter designate by written notice to the other party. Such notice, demand, request, consent or waiver shall be deemed given (a) three (3) days following deposit in the U.S. mail, (b) upon receipt in the case of hand delivery, (c) the next business day following deposit with a nationally recognized overnight courier, or (d) the day faxed, except where such fax is transmitted after 5:00 p.m. EST, in which case the next business day. Notices may be given by the parties' respective counsel.

14. **Audit of Affairs.** During the Term of this Agreement, the City Controller shall have the right to audit the affairs of the Beneficiary in connection with this Agreement to the extent required under Section 6-400 of The Home Rule Charter. In order to facilitate such an audit, upon prior reasonable notice, the Beneficiary shall provide the Controller with reasonable access to the Beneficiary's books and financial records in connection with this Agreement.

15. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

16. **Survival.** Any and all provisions set forth in this Agreement which, by its nature or their nature, would reasonably be expected to be performed after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

17. **Amendment.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by the City and the Beneficiary. No oral representations, whenever made, by any official or employee of the City shall be effective to modify the terms and provisions of this Agreement.

18. **Governing Law; Venue.** This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania, excluding conflict of law principles. Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County.

19. **Entire Agreement.** This Agreement sets forth all the promises, agreements, conditions and understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code. There are no promises, agreements, conditions or understandings by and between the City and the Beneficiary with respect to Chapter 17-2000 of the Code other than those set forth in the Agreement.

20. **Counterparts.** This Agreement may be executed in on or more counterparts, each of which is an original, and all of which together are a single agreement between the City and the Beneficiary.

[Remainder of the page left intentionally blank; signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA, by and through its Commerce Department

Approved as to Form:
Shelly R. Smith, City Solicitor

Per: 
Divisional Deputy City Solicitor

By: _____
Name: Alan Greenberger
Title: Commerce Director

Beneficiary

KEYSTONE PHILADELPHIA PROPERTIES, LP

Keystone Philadelphia Properties, LP

By: GPM GP LLC, its general partner

By: PM Gallery LP, its sole member

By: PR 8-10 Market GP LLC, a general partner

By: PREIT Associates, L.P., its sole member

By: Pennsylvania Real Estate Investment Trust,
its general partner

By: _____
Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
Secretary

and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
Name: Thomas J. Leanse
Title: Senior Executive Vice President, Chief Legal Officer & Secretary

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Shelly R. Smith, City Solicitor

Per: _____
Chief Deputy City Solicitor

By:  _____
Name:
Title: Commerce Director

Beneficiary

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Chief Deputy City Solicitor

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Beneficiary

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Name: Bruce Goldman
Title: Executive Vice President, General Counsel &
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and

By: Macerich Gallery Market East GP LLC, a general partner

By: _____
Name: Randy L. Brant
Title: Executive Vice President, Real Estate

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