

## AGREEMENT

This AGREEMENT made as of the 31 day of October 2013, by and among The City of Philadelphia, The School District of Philadelphia (together referred to as the "City"), and Drexel University ("Participant").

## BACKGROUND

1. The Pennsylvania General Assembly has enacted Act No. 79 of 2008 (the "Act"), amending Act No. 92 of 1988, the Keystone Opportunity Zone Act authorizing certain exemptions, abatements, credits and deductions of certain state and local taxes in certain deteriorated areas of the Commonwealth, known as Keystone Opportunity Zones, Expansion Zones and Improvement Zones (collectively, "KOZ"), in order to promote economic development and job creation. The Act will permit the City to designate certain additional deteriorated properties in the City of Philadelphia as part of the KOZ and to extend the duration of certain previously designated areas as KOZ.
2. The Act requires that all taxing authorities with jurisdiction over a proposed KOZ enact an ordinance or resolution, providing for exemptions, abatements, credits and/or deductions from certain local taxes within the proposed KOZ.
3. The City and the School District each independently have determined that it is in the best interest of the City and the School District to make the additional designations and implement the extensions of KOZ referenced above and to provide for the aforementioned abatements, credits, exemptions and deductions provided that with respect to the additional designated properties it is revenue neutral to both the City and the School District.
4. On June 30, 1994, pursuant to Mayor's Executive Order #94-1, the City announced a voluntary program in which organizations would make payments and provide services to the City to offset partially the cost to the City of providing essential municipal services (Payment in Lieu of Taxes or "PILOT Program").
5. Participant own certain real property located in the proposed KOZ. Participant desires to participate in the PILOT Program in order to promote the public interest and mitigate the impact on the City of the additionally designated properties in the KOZ and to obtain and retain benefits attributable to the KOZ.

NOW THEREFORE, the City and Participant, in consideration of the mutual undertakings set forth herein and for good and valuable consideration, receipt of which is hereby acknowledged, covenant and agree as follows:

1. Term. The term (the "Term") of this Agreement shall commence on January 1, 2013, shall continue for ten (10) calendar years and shall conclude on December 31, 2022, unless sooner terminated pursuant to the provisions hereof.
2. Properties Included in the Agreement. Participant owns the real estate and improvements known as 3001 John F. Kennedy Boulevard, 3003 John F. Kennedy

Boulevard, 3025 John F. Kennedy Boulevard and 3051 John F. Kennedy Boulevard (collectively, the "Property") listed on the Property Schedule attached hereto and incorporated herein.

3. Annual Contribution. During the Term of this Agreement, Participant shall annually make a contribution to the City in the aggregate amount of \$103,181.76 which is one hundred percent (110%) of the 2013 real estate taxes for the Property ("Annual Contribution") for the duration of the Term of this Agreement. Participant shall pay the Annual Contribution by check made payable to "The City of Philadelphia" and delivered to Revenue Commissioner, 630 Municipal Services Building, Philadelphia PA 19102; Participant shall also give notice of payment to the City as directed in Section 13 below. The Solicitor or her designee may change either direction by written notice to Participant pursuant to Section 13 below.

4. City's Undertaking. As long as no Event of Default shall have occurred and be continuing, the City, during the Term of the Agreement, shall not

- (a) seek to collect Real Estate taxes with respect to the Property, or
- (b) seek to collect from Participant any Use and Occupancy Tax with respect to the Property, or
- (c) seek to collect from Participant the reduction in taxes from certain credits against Business Privilege Tax and Net Profits Tax available to Participant under the KOZ.

5. Annual Contribution Schedule. Participant shall make its Annual Contribution, in the manner outlined in Section 3 above, no later than the 31st day of July of each such Calendar Year. With respect to the Annual Contribution for 2013, because Participant has already paid real estate taxes for Calendar Year 2103, a payment in the amount of \$9,380.16 (the difference between the Annual Contribution and 2013 real estate taxes) shall be made within thirty (30) days of the execution of this Agreement.

6. Early Contribution. Because of the financial benefit the City receives from the Participant's early contribution, Participant may tender its Annual Contribution, in the manner outlined in Section 3 above, before the last day of February of each Calendar Year and receive a one percent (1%) discount on the Annual Contribution for such year.

7. Late Contribution. Because of the City's reliance on the Annual Contribution in their budgets, a late charge may be imposed on the Annual Contribution in the event that Participant fails to make all or any portion of the Annual Contribution as required by Section 5 hereof. The late charge shall accrue on the unpaid balance in the amount of six percent (6%) per annum, accruing monthly.

8. Event of Default. Each of the following shall constitute an Event of Default hereunder, if the event continues for a period of thirty (30) calendar days after written notice to Participant providing details of such failure:

- (a) Participant's failure to pay any sum due to the City hereunder on the date such sum is due.
- (b) Participant's failure to comply with any other provision of this

Agreement.

(c) Participant's failure to pay any tax to the City. This provision shall not apply to any tax with respect to which Participant is involved in good faith litigation with the City regarding Participant's obligation to pay the tax or the amount of the tax.

(d) Participant's failure to continue to qualify for the tax abatement under the applicable KOZ legislation as amended, or under the Philadelphia Ordinance designating the area, including the Property, as the KOZ. If Participant fails so to qualify for a particular year, then Participant hereby agrees to pay the City the amount of local taxes foregone by the City pursuant to this Agreement or the amount of the Annual Contribution for the year, whichever is greater.

9. (a) Remedies. Upon the occurrence of an Event of Default, the City, at its option, may:

(i) terminate this Agreement;

(ii) bring action against Participant or the Property to enforce the provisions of this Agreement and/or to collect any sums due hereunder, including but not limited to the amounts set forth in Section 8(d), above;

(iii) upon the occurrence of the Event of Default as described in Section 8 above, revoke Participant's participation in the KOZ prospectively, in which case Participant shall thenceforth pay taxes to the City as due without the benefit from the KOZ designation; or

(iv) pursue any other remedy in law or in equity to which City may be entitled.

(b) Concurrent Pursuit of Remedies. The City may exercise any or all of the remedies set forth in this Section 9, each of which the City may pursue separately or in conjunction with such other remedies as the City shall determine. The City may in their sole discretion elect not to exercise any of the above remedies for any period of time. No extension or indulgence granted by the City to Participant shall operate as a waiver of any of the City's rights in connection with this Agreement, and the obligations of Participant under this Agreement shall not be altered or affected in any manner by the City's exercise of its rights under this Section.

10. Effect of Divesting the Property. Participant shall remain liable for the Annual Contribution upon the sale or other disposition of the Property up through the effective date of such sale or other disposition of the Property, including any corporate or entity merger, asset sale, devise, gift or other form of transfer and including any transfer in any bankruptcy proceeding

11. No Assignment. Except with the written consent of the City, which the City may grant, withhold or condition in the City's sole discretion, Participant shall have no right to assign their rights or obligations under this Agreement, and any other purported assignment shall be of no force or effect. Any such consent shall require the assignee to enter into a similar agreement with the City.

12. No Admission. Nothing in this Agreement shall be construed as an admission on the part of the City or Participant that Participant does not qualify for tax exemptions, deductions, abatement, or credits provided to qualified businesses located in the KOZ.

13. Notice. All notices, requests and other communications under this Agreement shall be effective only if made in writing and delivered by United States certified mail, return receipt requested, postage prepaid, or by a nationally recognized and receipted overnight courier service (such as Federal Express) guaranteeing next business day delivery, addressed as follows:

If intended for City:  
Senior Attorney, Tax Unit  
The City of Philadelphia  
Law Department, 5<sup>th</sup> floor  
1401 John F. Kennedy Blvd.  
Philadelphia PA 19102 Attention: Christine T. Bak  
Telephone 215-686-0514

and

Senior Deputy Director of Commerce  
City of Philadelphia  
One Parkway, 12th Floor 1515 Arch Street  
Philadelphia PA 19102-1595 Attention: Duane Bumb  
Telephone 215-683-2005

If intended for Participant:

Office of Government and Community Relations  
Drexel University  
The Left Bank  
3180 Chestnut Street, Suite 102  
Philadelphia, PA 19104  
Attn: Brian T. Keech, Senior Vice President  
Telephone (215) 895-2244

and

Office of the General Counsel  
Drexel University  
The Left Bank  
3180 Chestnut Street, Suite 101  
Philadelphia, PA 19104  
Attention: Melissa Brown, Associate General Counsel  
Telephone: (215) 895-2427

15. Miscellaneous. This Agreement represents the entire agreement between the parties hereto and shall not be modified in any manner except by written instrument executed by the parties and attached hereto. The Agreement and all disputes arising under the Agreement shall be governed, construed, and decided in accordance with the laws of the Commonwealth of Pennsylvania. The parties do not intend to create, and nothing

contained in the Agreement shall be construed as creating, a joint venture arrangement, or partnership between City and Participant. Nothing in the Agreement expressed or implied, is intended or shall be construed to confer upon or given to any person, firm, corporation, or legal entity, other than the parties, any rights, remedies, or other benefits under or by reason of the Agreement. The Agreement may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument. Time is of the essence in the performance of Participant's obligations under the Agreement. The headings in the Agreement are for convenience only and are not a part of the Agreement. The headings do not in any way define, limit, describe, or amplify the provisions of the Agreement or the scope or intent of the provisions.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have caused these presents to be executed as of the date first above written.

PARTY SIGNATURES MUST BE PROVIDED ON PROCEEDING PAGE

The City of Philadelphia

DATED: 10/10/13

By: Christine T. Bak  
Christine T. Bak, Senior Attorney

Drexel University

DATED: 10/11/13

By: Brian T. Keech  
Brian T. Keech

PROPERTY SCHEDULE

Property	BRT Number
3001 John F. Kennedy Boulevard	88-2-355900
3003 John F. Kennedy Boulevard	88-2-355905
3025 John F. Kennedy Boulevard	88-2-356100
3051 John F. Kennedy Boulevard	88-2-351000