

**PHILADELPHIA REDEVELOPMENT AUTHORITY**

**1234 MARKET STREET, 16<sup>TH</sup> FLOOR  
PHILADELPHIA, PA 19107**

**SPECIAL BOARD MEETING  
THURSDAY, APRIL 16, 2015**

**Open Session – 8:30 A.M.**

**A G E N D A**

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	Gallery Mall Transaction	(1)



**BOARD FACTSHEET**

Special Board Meeting of April 16, 2015  
Gallery Mall Leases and Redevelopment Project  
833, 901 and 905 Market Street, Philadelphia, PA  
1001-1019 Market Street, Philadelphia, PA  
1025 Market Street, Philadelphia, PA

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**NAME OF DEVELOPERS/TENANTS:**

1. PR Gallery I Limited Partnership ("**PR Gallery I**")
2. Keystone Philadelphia Properties, LP ("**PREIT Keystone**")

**PROPERTY INFORMATION:**

1. 833, 901 and 905 Market Street, Philadelphia, PA ("**Gallery I**")
2. 1001-1019 Market Street, Philadelphia, PA ("**Gallery II**")
3. 1025 Market Street, Philadelphia, PA ("**JCP Building**")

Gallery I, Gallery II and the JCP Building are collectively referred to herein as the "**Gallery Mall Premises**").

**REQUEST:**

1. Approval of the Proposed Gallery Mall Leases (as defined below) for purposes of (i) amending and restating the Existing Gallery Mall Leases (as defined below) in their entirety and the release of all claims thereunder; (ii) providing for the termination of the Maintenance Agreements (as defined below), dissolution of the Mall Maintenance Corporations (as defined below), the release of all claims thereunder and approval of the Mall Maintenance Termination and Releases (as defined below); (iii) providing for the development of the Gallery Mall Redevelopment Project (as defined below) as well as the Entire Redevelopment Project (as defined below) pursuant to the terms of the Proposed Gallery Mall Leases; (iv) defining the obligations of the respective tenants with respect to the future operation and maintenance of the Gallery Mall Premises; and (v) setting forth the tenants' obligation to purchase the Gallery Mall Premises following completion of the Entire Redevelopment Project at such time as the Authority may elect.

2. Approval of the Indemnity Agreement (as defined below).
3. Approval of the Aramark Agreement (as defined below).
4. Approval of the PPA Estoppel (as defined below).
5. Approval of the Parametric Estoppel (as defined below).
6. Approval of the Conveyance Agreement (as defined below).
7. Approval of the Comfort Letter (as defined below)

**BACKGROUND:**

**The Gallery Mall Premises and Entire Redevelopment Premises**

The Philadelphia Redevelopment Authority (the "**Authority**") previously built or caused to be built the improvements commonly known as the Gallery Mall Premises (as defined above). The Gallery Mall Premises also includes: (i) the publicly accessible pedestrian areas located within or adjacent to the Gallery Mall Premises, including the pedestrian concourse on the mall level of the Gallery Mall Premises; (ii) the pedestrian concourse beneath and the bridge over Ninth Street; (iii) that portion of the underground truck access tunnel (the "**Truck Tunnel**") generally located under the Gallery Mall Premises, with street access from Arch Street ("**Truck Ramp**").

The Gallery Mall Premises, along with: (i) a portion of the building commonly known as 801 Market Street, Philadelphia, Pennsylvania (the "**Strawbridge Building**"); (ii) 907-937 Market Street, Philadelphia, Pennsylvania (the "**907 Market Property**"); (iii) the publicly accessible pedestrian areas located within or adjacent to the Strawbridge Building and the 907 Market Property, including the pedestrian concourse on the mall level adjacent to the Strawbridge Building and the 907 Market Property; (iv) the pedestrian concourse beneath and the bridge over Tenth Street (connecting Gallery II and the 907 Market Property); (v) the pedestrian bridges over Filbert Street (connecting with parking garages) and that portion of the Truck Tunnel generally located under the Strawbridge Building and the 907 Market Property, with street access from Arch Street; and (vi) that portion of the Public Access Easement (as defined in Subsection C), below) located within or adjacent to the Strawbridge Building and the 907 Market Property, shall collectively be referred to herein as the "**Entire Redevelopment Premises.**"

The Gallery Mall Premises is located at a regional transportation hub and provides access, either directly or indirectly, to the Southeastern Pennsylvania Transportation Authority's ("**SEPTA**") regional rail station for commuter rail service, the subway stations for 8<sup>th</sup> and 9<sup>th</sup> Streets and the Port Authority Transit Corporation ("**PATCO**") exit. The structure(s) supporting and accessing the transit facilities were funded in

part by grants from the Federal Department of Transportation ("**DOT**") for the benefit of the public. The Gallery Mall Premises was intended to be integrally linked with transit facilities to advance the significant public transportation goals and interests of the federal government.

### **The Existing Leases**

A. **Existing Gallery I Lease.** The Authority and Rouse Philadelphia, Inc. ("**Rouse**"), as tenant, entered into a lease dated December 16, 1975 (the "**Original Gallery I Lease**"), for Gallery I. Thereafter, the Original Gallery I Lease was amended and assigned on several occasions and, by Assignment of Lease dated June 3, 2003 (the "**Gallery I Assignment**"), all right, title and interest in the Original Gallery I Lease, as amended and assigned, was assigned to PR Gallery I Limited Partnership ("**PR Gallery I**"), which assumed all obligations and responsibilities the Original Gallery I Lease. The Original Gallery I Lease, as amended and assigned, and including the Gallery I Assignment, shall be referred to herein as the "**Existing Gallery I Lease.**"

B. **Existing Gallery II Lease.** The Authority and The Market Street East Joint Venture ("**MSEJV**"), a Pennsylvania general partnership, as tenant, entered into a Lease dated March 19, 1982 (the "**Original Gallery II Lease**"), for Gallery II. Thereafter, the Original Gallery II Lease was amended and assigned on several occasions and, by that certain Confirmatory Assignment and Assumption Agreement dated February 23, 2004 ("**Gallery II Assignment**"), Keystone Philadelphia Properties, LP ("**PREIT Keystone**"), assumed all rights and obligations under the Original Gallery II Lease. The Original Gallery II Lease, as amended and assigned, and including the Gallery II Assignment, shall be referred to herein as the "**Existing Gallery II Lease.**"

C. **Existing JCP Building Lease.** The Authority and J.C. Penney Properties, Inc. ("**Penney**"), entered into that certain Indenture of Lease dated as of March 19, 1982 (the "**Original JCP Building Lease**"), for the JCP Building. Thereafter, the Original JCP Building Lease was amended and assigned on several occasions and, by that certain Confirmatory Assignment and Assumption Agreement dated February 23, 2004 (the "**JCP Assumption**"), PREIT Keystone assumed all rights and obligations under the Original JCP Building Lease. The Original JCP Building Lease, as amended and assigned, and including the JCP Assumption, shall be referred to herein as the "**Existing JCP Building Lease.**"

The Existing Gallery I Lease, the Existing Gallery II Lease and the Existing JCP Building Lease shall be referred to herein, collectively, as the "**Existing Gallery Mall Leases.**"

### **The Gallery Mall Redevelopment Project and Entire Redevelopment Project**

The Authority, the City of Philadelphia (the "**City**"), PR Gallery I and PREIT Keystone each share an interest in revitalizing Market Street East in a way that better links Chinatown, the recently expanded Pennsylvania Convention Center, Independence

Mall and the surrounding neighborhoods in order to, without limitation, improve and increase the available retail, dining and entertainment options. The City and Authority have determined that a revitalized Market Street East neighborhood will spur private sector investment, create employment opportunities, enhance tax revenues, increase property values, and encourage redevelopment of underperforming properties in the area and, in doing so, will enhance the quality of life for Philadelphians and the experience of conventioners and other visitors to the City. To achieve these objectives, PR Gallery I and PREIT Keystone have proposed and the Authority wishes to encourage the redevelopment of the Gallery Mall Premises as a first class mixed use retail center (the "**Gallery Mall Redevelopment Project**") as well as the redevelopment of the department store unit (the "**Strawbridge Department Store Unit**") of a condominium located in the Strawbridge Building, the 907 Market Property and certain public right of way areas (collectively, with the Gallery Mall Redevelopment Project, the "**Entire Redevelopment Project**").

#### **Amendment and Restatement of Existing Gallery Mall Leases**

To effectuate construction of the Entire Redevelopment Project, the parties to the Existing Gallery Mall Leases have agreed to amend and restate the Existing Gallery Mall Leases to provide, among other things: (i) the amended terms of occupancy of the Gallery Mall Premises, (ii) the requirements of the Gallery Mall Redevelopment Project and Entire Redevelopment Project, (iii) the purchase obligation with respect to the Gallery Mall Premises upon completion of the Entire Redevelopment Project and issuance of the certificate of completion, and (iv) release and indemnification of certain claims among the parties under the Existing Gallery Mall Leases and to third parties.

Specifically, the Authority seeks Board approval of (i) that certain Amended and Restated Lease and Redevelopment Agreement (the "**Proposed Gallery I Lease**") between the Authority and PR Gallery I, pursuant to which the Authority has agreed, among other things, to lease Gallery I to PR Gallery I; (ii) that certain Amended and Restated Lease and Redevelopment Agreement (the "**Proposed Gallery II Lease**"), between the Authority and PREIT Keystone, pursuant to which the Authority has agreed, among other things, to lease Gallery II to PREIT Keystone; and (iii) that certain Amended and Restated Lease and Redevelopment Agreement (the "**Proposed JCP Building Lease**"), between the Authority and PREIT Keystone, pursuant to which the Authority agreed, among other things, to lease the JCP Building to PREIT Keystone. The Proposed Gallery I Lease, Proposed Gallery II Lease and the Proposed JCP Building Lease shall be referred to herein, collectively, as the "**Proposed Gallery Mall Leases.**"

The following is a summary of the material terms of the Proposed Gallery Mall Leases:

Term: The term of the Proposed Gallery Mall Leases will expire on December 31, 2084; provided, upon satisfaction of certain conditions, the term of the Proposed Gallery I Lease may be extended to July 31, 2106, the term of the Proposed Gallery II Lease may be extended to September 30, 2112, and the term of the Proposed JCP Building I Lease may be extended to Ninety-nine (99) years from its effective date.

Rent: The respective tenants under the Proposed Gallery Mall Leases will pay to the Authority the sum of One Dollar (\$1.00) for each year of the term of each of the Proposed Gallery Mall Leases.

Release of Claims: The Authority and respective tenants under the Proposed Gallery Mall Leases will release each other and each of their respective affiliates from all claims, liabilities and causes of action arising before the effective date of the Proposed Gallery Mall Leases.

Third Party Claims: The tenants under the Proposed Gallery Mall Leases agree to indemnify and hold the Authority harmless from any existing or potential claims of third parties.

Net Lease: The Proposed Gallery Mall Leases are "net leases," and the Authority is not responsible for any costs, expenses or charges thereunder.

Non-Discrimination in Use or Construction of Premises: The Proposed Gallery Mall Leases include the same obligations as included in the Authority's typical redevelopment agreement which require non-discrimination in use and construction of the Entire Redevelopment Project.

Minority, Disadvantaged and Female Owned Business Enterprise Requirements. The Proposed Gallery Mall Leases include the same obligations as included in the Authority's typical redevelopment agreement which encourage fair and non-discriminatory business and employment practices and expanding opportunities for minorities, women and disadvantaged individuals.

Redevelopment Commitment: The tenants under the Proposed Gallery Mall Leases have committed to develop the Entire Redevelopment Premises as a first class mixed use retail center. As with the Authority's typical redevelopment agreement, the tenants are required to submit plans (with certain pre-approved modifications), show adequate evidence of funding for the Entire Redevelopment Project, provide a list of all major executed contracts, obtain all required permits and approvals, provide adequate insurance for the Entire Redevelopment Project, provide adequate financial security for the payment of all contractors, promptly discharge all liens and provide as-built plans upon completion of the Entire Redevelopment Project.

Fine Arts: The tenants under the Proposed Gallery Mall Leases agree to spend the sum of One Million Dollars (\$1,000,000) total to provide new works of Fine Arts in accordance with the Authority's "The Percent for Art Program" dated August 10, 2010.

Prevailing Wage. The tenants under the Proposed Gallery Mall Leases agree to comply with applicable prevailing wage requirements.

Insurance: The tenants under the Proposed Gallery Mall Leases agree to insure and to cause their respective contractors and subtenants to maintain the minimum insurance coverages as required by the Authority during the term of the Proposed Gallery Mall Leases.

Indemnification: The tenants under the Proposed Gallery Mall Leases agree to indemnify and defend the Authority and save it harmless from and against any and all claims, actions, suits, proceedings, losses, damages, liabilities and expenses arising during the term of the Proposed Gallery Mall Leases.

Subletting and Assignment: The tenants under the Proposed Gallery Mall Leases are prohibited from subletting or assigning any portion of the Gallery Mall Premises unless they satisfy an applicable minimum tangible net worth test as provided in the Proposed Gallery Mall Leases.

Leasehold Mortgages: The tenants under the Proposed Gallery Mall Leases may grant to certain parties (as limited in the Proposed Gallery Mall Leases) a mortgage lien encumbering all or a portion of the Gallery Mall Premises.

Obligation to Purchase: The tenants under the Proposed Gallery Mall Leases are obligated to purchase the Gallery Mall Premises at such time as the Authority may elect on the terms and conditions as set forth in Exhibit 31 to the respective Proposed Gallery Mall Leases. The form of Fee Simple Deed providing for the transfer of the Gallery Mall Premises to the respective tenants under the Proposed Gallery Mall Leases is attached to the respective Proposed Gallery Mall Leases as Exhibit A.

Guaranty. The effectiveness of the Proposed Gallery Mall Leases is conditioned upon the execution and delivery by each of PREIT Associates LP and The Macerich Partnership, L.P. of the Guaranty of Payment, Completion and Certain Indemnification Obligations Agreement ("**Guaranty**") attached to the Proposed Gallery Mall Leases as Exhibit 30.

### **Termination of Existing Maintenance Agreements and Mall Maintenance Corporations**

The Authority, the City, Philadelphia Authority for Industrial Development ("**PAID**"), PR 907 Market LP ("**907 LP**"), PREIT Rubin, Inc. ("**PRI**"), PR Gallery I and Mall Maintenance Corporation ("**MMCI**") were parties to that certain Mall Maintenance

Contribution Agreement dated May 15, 1979 (as amended from time to time, the "**Gallery I Maintenance Agreement**"). The Gallery I Maintenance Agreement set forth the responsibility of MMCI to maintain portions of Gallery I and the various financial and other contributions to MMCI by the parties thereto. The Market Street East Development Company ("**MSEDC**") was a member of MMCI, although it was not a signatory to the Gallery I Maintenance Agreement.

The Authority, the City, PAID, PR Gallery I, Girard Estate Leasehold (as successor-in-interest to One Reading Center Associates) ("**Girard Estate**"), and Mall Maintenance Corporation II ("**MMCI**") were parties to that certain Gallery II Mall Maintenance Agreement dated March 19, 1982 (as amended from time to time, the "**Gallery II Maintenance Agreement**"). The Gallery II Maintenance Agreement set forth the responsibility of MMCI to maintain Gallery II, portions of the JCP Building and land, structures, and buildings comprising the property located at 1101 Market Street ("**Aramark Building**"), and the various financial and other contributions to MMCI by the parties thereto.

The Gallery I Maintenance Agreement and the Gallery II Maintenance Agreement are sometimes herein referred to collectively as the "**Maintenance Agreements**" and MMCI and MMCI are sometimes herein referred to collectively as the "**Mall Maintenance Corporations**."

Under the Proposed Gallery Mall Leases, the dissolution of the Mall Maintenance Corporations and the termination of the Maintenance Agreements is a condition precedent to the issuance of a certificate of completion under the Proposed Gallery Mall Leases. PR Gallery I and PREIT Keystone will assume, under the Proposed Gallery Mall Leases, without limitation, all maintenance and repair obligations with respect to the Gallery Mall Premises. Copies of the respective Mall Maintenance Corporation Termination Agreement and General Release ("**Mall Maintenance Termination and Releases**") are attached to the Proposed Gallery Mall Leases as Exhibit 3.1.1.

### **Public Access Easement.**

As part of the Entire Redevelopment Project, the Authority, as provided in the Proposed Gallery Mall Leases, has reserved the right of public pedestrian access, ingress, egress and regress through that portion of the Gallery Mall Premises identified on Exhibit 5.2.1 to the Proposed Gallery Mall Leases ("**Public Access Easement**"). The Public Access Easement burdens the property comprising the area thereof and runs with the land. Any conveyance of the Gallery Mall Premises or any portion thereof is under and subject to the Public Access Easement and all provisions with respect thereto. The Public Access Easement will be retained by the Authority to assure that transit access will be perpetually maintained for the public good. It is contemplated that the Authority's rights in the Public Access Easement will ultimately be transferred to the City.



For purposes of the City/PAID Project Funding Agreement (as defined below), the Authority will grant PAID an easement interest in the Public Access Easement.

### **Funding for Entire Redevelopment Project and Public Access Easement**

The total cost of the Entire Redevelopment Project is expected to be Three Hundred Twenty Five Million Dollars (\$325,000,000.00), but in no event less than Three Hundred Million Dollars (\$300,000,000.00). The Authority expects this investment will be comprised of: (i) funding from the Commonwealth of Pennsylvania in the amount of Thirty-Five Million Five Hundred Thousand Dollars (\$35,500,000.00) ("**State Contribution**"), (ii) Tax Increment Financing ("**TIF**") in the amount of Fifty-Five Million Dollars (\$55,000,000.00), and (iii) an investment in the amount of Two Hundred Thirty-Four Million Five Hundred Thousand Dollars (\$234,500,000.00) from the tenants under the Proposed Gallery Mall Leases ("**Tenant Contribution**").

The City, through PAID, will provide funding in accordance with one or more Project Funding Agreements between PAID and the City ("**City/PAID Project Funding Agreement**") and PAID and PREIT Keystone and/or PR Gallery I ("**PAID/PREIT Sub-Agreement**") in annual payments equal to an aggregate amount of Fifty-Eight Million Dollars (\$58,000,000) net present value for the purpose of facilitating improvements to, and maintenance of, the Public Access Easement ("**City/PAID Contribution**"). The annual payments will begin with an aggregate payment not to exceed Two Million Sixty-Eight Thousand Seven Hundred Fifty-Five Dollars (\$2,068,755.00), with a three percent (3.00%) yearly increase for forty-three (43) consecutive years.

### **Ancillary Agreements**

In furtherance of the construction of the Entire Redevelopment Project as provided in the Proposed Gallery Mall Leases, the Authority will be required to enter into the following agreements which are ancillary to the Proposed Gallery Mall Leases:

1. Indemnity Agreement between the Authority and the City ("**Indemnity Agreement**") in order to protect the Authority from obligations, liabilities, costs and expenses arising from, among other things, the Truck Tunnel, the Public Access Easement, the City/PAID Contribution, the Maintenance Agreements, the Mall Maintenance Corporations and the DOT's consent to the Proposed Gallery Mall Leases and the Public Access Easement.

2. Aramark Building Agreement between the respective tenants under the Proposed Gallery Mall Leases, PREIT Keystone, 907 LP, Girard Estate and the Authority ("**Aramark Agreement**") providing for, without limitation, agreements among the parties respecting (i) the maintenance, operation and use of the Truck Tunnel and Truck Ramp; (ii) access rights between the properties comprising the Gallery Mall Premises and the Aramark Building; (iii) easement rights between the properties comprising the Gallery Mall Premises and the Aramark Building; and

providing for a release and indemnification of the Authority, the City and PAID from claims relating to the foregoing, including without limitation, claims related to the termination of any rights under any existing agreement and any obligation of maintenance, operation or contribution by or on behalf of the Authority, the City and/or PAID.

3. Estoppel Certificate and Quit Claim ("**PPA Estoppel**") between the Authority and the Philadelphia Parking Authority ("**PPA**") wherein the parties acknowledge that neither party is in default of that certain Agreement dated September 12, 1975 ("**PPA Development Agreement**") and wherein the Authority quitclaims to the PPA that certain pedestrian skybridge over Filbert Street ("**PPA Bridge**") which connects to the Gallery Mall Premises.

4. Parametric Estoppel Certificate ("**Parametric Estoppel**") with Parametric Garage Associates L.P. regarding that certain pedestrian skybridge over Filbert Street ("**Parametric Bridge**") which connects to the Gallery Mall Premises.

5. Conveyance Agreement between City and the Authority ("**City Conveyance Agreement**") for certain parcels in and around the Gallery Mall Premises which will be leased and ultimately transferred to the tenants under the respective Proposed Gallery Mall Leases.

6. Mall Maintenance Termination and Releases (see above).

7. Comfort letter ("**Comfort Letter**") from the Authority to the tenants under the Proposed Gallery Mall Leases regarding the right to use, maintain, repair and replace the Truck Tunnel and Truck Ramp.

Proposed Resolution is attached.

**RESOLUTION NO.**

**CENTER CITY REDEVELOPMENT AREA, MARKET EAST URBAN RENEWAL AREA - RESOLUTION APPROVING: (i) THAT CERTAIN AMENDED AND RESTATED LEASE AND REDEVELOPMENT AGREEMENT WITH PR GALLERY I LIMITED PARTNERSHIP FOR 833, 901 AND 905 MARKET STREET; (ii) THAT CERTAIN AMENDED AND RESTATED LEASE AND REDEVELOPMENT AGREEMENT WITH KEYSTONE PHILADELPHIA PROPERTIES, LP FOR 1001-1019 MARKET STREET; (iii) THAT CERTAIN AMENDED AND RESTATED LEASE AND REDEVELOPMENT AGREEMENT WITH KEYSTONE PHILADELPHIA PROPERTIES, LP FOR 1025 MARKET STREET, AND (iv) THOSE CERTAIN AGREEMENTS ANCILLARY TO THE EXECUTION OF THE AFOREMENTIONED LEASES UPON CERTAIN TERMS AND CONDITIONS**

**WHEREAS**, the Philadelphia Redevelopment Authority ("Authority") and Rouse Philadelphia, Inc. entered into a lease, dated December 16, 1975 (the "Original Gallery I Lease"), for 833, 901 and 905 Market Street ("Gallery I"). Thereafter, the Original Gallery I Lease was amended and assigned on several occasions and, by Assignment of Lease dated June 3, 2003 (the "Gallery I Assignment"), all right, title and interest in the Original Gallery I Lease, as amended and assigned, was assigned to PR Gallery I Limited Partnership ("PR Gallery I"), which assumed all obligations and responsibilities the Original Gallery I Lease. The Original Gallery I Lease, as amended and assigned, and including the Gallery I Assignment, shall be referred to herein as the "Existing Gallery I Lease;"

**WHEREAS**, the Authority and The Market Street East Joint Venture, entered into a Lease, dated March 19, 1982 (the "Original Gallery II Lease"), for 1001-1019 Market Street ("Gallery II"). Thereafter, the Original Gallery II Lease was amended and assigned on several occasions and, by that certain Confirmatory Assignment and Assumption Agreement dated February 23, 2004 ("Gallery II Assignment"), Keystone Philadelphia Properties, LP ("PREIT Keystone"), assumed all rights and obligations under the Original Gallery II Lease. The Original Gallery II Lease, as amended and assigned, and including the Gallery II Assignment, shall be referred to herein as the "Existing Gallery II Lease;"

**WHEREAS**, the Authority and J.C. Penney Properties, Inc., entered into that certain Indenture of Lease, dated as of March 19, 1982 (the "Original JCP Building Lease"), for the 1025 Market Street ("JCP Building"). Thereafter, the Original JCP Building Lease was amended and assigned on several occasions and, by that certain Confirmatory Assignment and Assumption Agreement dated February 23, 2004 (the "JCP Assumption"), PREIT Keystone assumed all rights and obligations under the Original JCP Building Lease. The Original JCP Building Lease, as amended and assigned, and including the JCP Assumption, shall be referred to herein as the "Existing JCP Building Lease;"

**WHEREAS**, Gallery I, Gallery II and the JCP Building are collectively referred to herein as the "Gallery Mall Premises" and the Existing Gallery I Lease, the Existing Gallery II Lease and the Existing JCP Building Lease shall be referred to herein, collectively, as the "Existing Gallery Mall Leases;"

**WHEREAS**, PR Gallery I and PREIT Keystone have proposed and the Authority wishes to encourage the redevelopment of the Gallery Mall Premises as a first class mixed use retail center (the "Gallery Mall Redevelopment Project") as well as the redevelopment of the department store unit (the "Strawbridge Department Store Unit") of a condominium located at 801 Market Street (the "Strawbridge Building"), 907-937 Market Street (the "907 Market Property"), and certain public right of way areas (collectively, with the Gallery Mall Redevelopment Project, the "Entire Redevelopment Project");

**WHEREAS**, to effectuate construction of the Entire Redevelopment Project, the parties to the Existing Gallery Mall Leases have agreed to amend and restate the Existing Gallery Mall Leases to provide, among other things: (i) the release of all claims among the parties under the Existing Gallery Mall Leases and the indemnification of certain claims of third parties; (ii) the assumption by the tenants of all maintenance and operation obligations with respect to the Gallery Mall Premises; (iii) the development of the Gallery Mall Redevelopment Project as well as the Entire Redevelopment Project pursuant to the terms of the Proposed Gallery Mall Leases (as defined below); and (iv) the tenants' obligation to purchase the Gallery Mall Premises following completion of the Entire Redevelopment Project at such time as the Redevelopment Authority may elect;

**WHEREAS**, the Authority, PR Gallery I and PREIT Keystone, as applicable, have reached agreements as to (i) that certain Amended and Restated Lease and Redevelopment Agreement (the "Proposed Gallery I Lease") between the Authority and PR Gallery I, pursuant to which the Authority has agreed, among other things, to lease Gallery I to PR Gallery I; (ii) that certain Amended and Restated Lease and Redevelopment Agreement (the "Proposed Gallery II Lease"), between the Authority and PREIT Keystone, pursuant to which the Authority has agreed, among other things, to lease Gallery II to PREIT Keystone; and (iii) that certain Amended and Restated Lease and Redevelopment Agreement (the "Proposed JCP Building Lease"), between the Authority and PREIT Keystone, pursuant to which the Authority agreed, among other things, to lease the JCP Building to PREIT Keystone. The Proposed Gallery I Lease, Proposed Gallery II Lease and the Proposed JCP Building Lease shall be referred to herein, collectively, as the "Proposed Gallery Mall Leases;"

**WHEREAS**, in furtherance of the construction of the Entire Redevelopment Project, the Authority has negotiated or is in the process of negotiating the following agreements and certain other agreements which are ancillary to the Proposed Gallery Mall Leases (collectively, the "Ancillary Agreements"):

1. Indemnity Agreement between the Authority and the City ("Indemnity Agreement");
2. Aramark Building Agreement between the respective tenants under the Proposed Gallery Mall Leases and certain other parties ("Aramark Agreement");

3. Estoppel Certificate and Quit Claim ("PPA Estoppel") between the Authority and the Philadelphia Parking Authority ("PPA");
4. Parametric Estoppel Certificate ("Parametric Estoppel") with Parametric Garage Associates L.P. ("Parametric");
5. Conveyance Agreement between City and the Authority ("City Conveyance Agreement");
6. Mall Maintenance Corporation Termination Agreement and General Release ("Mall Maintenance Termination and Releases") with respect to that certain Mall Maintenance Contribution Agreement dated May 15, 1979 (as amended from time to time, the "Gallery I Maintenance Agreement") and that certain Gallery II Mall Maintenance Agreement dated March 19, 1982 (as amended from time to time, the "Gallery II Maintenance Agreement"); and
7. Comfort letter ("Comfort Letter") from the Authority to the tenants under the Proposed Gallery Mall Leases;

**WHEREAS**, the Board is willing to authorize Authority staff to pursue further negotiation with PR Gallery I, PREIT Keystone, the City, PAID and other appropriate parties in order to reach final agreement on all terms of the Proposed Gallery Mall Leases and the Ancillary Agreements upon the conditions stated below.

**NOW THEREFORE, BE IT RESOLVED BY THE PHILADELPHIA REDEVELOPMENT AUTHORITY**, that approval is given for the Authority to finalize negotiations and enter into (i) the Proposed Gallery I Lease, (ii) the Proposed Gallery II Lease, (iii) the Proposed JCP Building Lease, (iv) the Indemnity Agreement, (v) the Aramark Agreement, (vi) the PPA Estoppel, (vii) the Parametric Estoppel, (viii) the City Conveyance Agreement, (ix) the Mall Maintenance Termination and Releases, and (x) the Comfort Letter, upon terms and conditions substantially in conformance with the Fact Sheet presented to the Board and upon such other terms and conditions consistent therewith acceptable to the Executive Director and General Counsel.

**FURTHER AUTHORIZING**, that the Executive Director is hereby authorized, empowered and directed to perform any and all such acts and things, and to execute, acknowledge, deliver, file or record in any appropriate public offices, all ancillary agreements, documents, instruments and certifications as may be necessary or desirable in connection with accomplishing the purpose of this Resolution.

**FURTHER RESOLVING**, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution necessary or desirable to carry out its purposes and intents.